

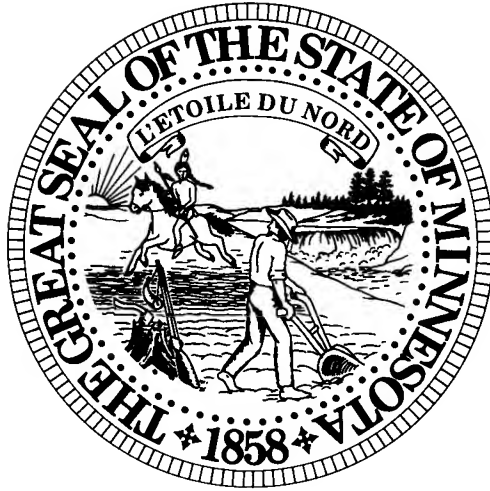
STATE OF MINNESOTA

# **Comprehensive Annual Financial Report**

**For the Year Ended June 30, 1999**



**STATE OF MINNESOTA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 1999**

PREPARED BY  
DEPARTMENT OF FINANCE  
PAMELA WHEELLOCK, COMMISSIONER  
400 CENTENNIAL BUILDING  
658 CEDAR STREET  
ST. PAUL, MINNESOTA 55155

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**STATE OF MINNESOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED JUNE 30, 1999**

**TABLE OF CONTENTS**

**INTRODUCTION**

	Page
Transmittal Letter from the Commissioner of Finance .....	vii
Certificate of Achievement .....	xvii
State Organization Chart .....	xviii
Principal State Officials .....	xix

**FINANCIAL SECTION**

Auditor's Opinion .....	2
-------------------------	---

**GENERAL PURPOSE FINANCIAL STATEMENTS**

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units .....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and Appropriated Special Revenue Funds - Budgetary Basis .....	10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units .....	11
Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units .....	12
Combined Statement of Changes in Plan Net Assets - Pension and Investment Trust Funds .....	15
University of Minnesota Statement of Changes in Fund Balances - Consolidated Totals .....	16
University of Minnesota Statement of Current Funds Revenues, Expenditures and Other Changes .....	17
Notes to the Financial Statements .....	19
Required Supplementary Information .....	65

**COMBINING FINANCIAL STATEMENTS**

<b>Special Revenue Funds:</b>	
Combining Balance Sheet .....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	72
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Appropriated Special Revenue Funds - Budgetary Basis .....	74
<b>Natural Resources Funds:</b>	
Combining Balance Sheet .....	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	77
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis .....	78
<b>Capital Projects Funds:</b>	
Combining Balance Sheet .....	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	83
<b>Enterprise Funds:</b>	
Combining Balance Sheet .....	86
Combining Statement of Revenues, Expenses and Changes in Retained Earnings .....	88
Combining Statement of Cash Flows .....	90
<b>Internal Service Funds:</b>	
Combining Balance Sheet .....	94
Combining Statement of Revenues, Expenses and Changes in Retained Earnings .....	96
Combining Statement of Cash Flows .....	98
<b>Fiduciary Funds:</b>	
Combining Balance Sheet .....	103
<b>Pension and Investment Trust Funds:</b>	
Combining Statement of Plan Net Assets .....	104
Combining Statement of Changes in Plan Net Assets .....	105

## Table of Contents (Continued)

	Page
<b>Defined Benefit Pension Funds:</b>	
Combining Statement of Plan Net Assets .....	106
Combining Statement of Changes in Plan Net Assets .....	108
<b>Defined Contribution Funds:</b>	
Combining Statement of Plan Net Assets .....	110
Combining Statement of Changes in Plan Net Assets .....	111
<b>Nonexpendable Trust Funds:</b>	
Combining Balance Sheet.....	112
Combining Statement of Revenues, Expenses and Changes in Fund Balances.....	113
Combining Statement of Cash Flows.....	114
<b>Expendable Trust Funds:</b>	
Combining Balance Sheet.....	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	118
<b>Agency Funds:</b>	
Combining Statement of Changes in Assets and Liabilities .....	120
<b>General Fixed Assets Account Group:</b>	
Schedule of General Fixed Assets - By Source .....	122
Schedule of General Fixed Assets - By Function and Activity .....	123
Schedule of Changes in General Fixed Assets - By Function and Activity .....	124
<b>General Long-Term Obligation Account Group:</b>	
Statement of Changes in General Long-Term Obligations .....	126
<b>Component Unit Funds:</b>	
Combining Balance Sheet .....	128
Governmental Fund Types Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	132
Proprietary Fund Types Combining Statement of Revenues, Expenses and Changes in Retained Earnings.....	134
Combining Statement of Cash Flows.....	135
<b>GENERAL OBLIGATION DEBT SCHEDULES</b>	
Scheduled Debt Service for Fiscal Years 2000-2019 .....	138
Authorized But Unissued General Obligation Debt.....	150

## STATISTICAL SECTION

General Governmental Revenues by Source.....	156
General Governmental Expenditures by Function and Net Transfers-Out.....	156
Assessed Value of Taxable Property.....	158
Market Value of Taxable Property.....	158
Schedule of General Obligation Bonded Debt per Capita.....	159
Schedule of Ratio of Annual Debt Service for General Obligation Bonded Debt to General Expenditures .....	159
Schedules of Revenue Bond Coverage.....	160
Minnesota Commercial Bank Deposits and Gross Retail Sales .....	161
Minnesota Population, Per Capita Personal Income and Unemployment Rate.....	161
New Housing Units Authorized in Permit-Issuing Localities .....	161
Employment Mix in Minnesota .....	162
Average Daily Public School Membership .....	162
Minnesota Based Companies Included in the Fortune 500 .....	162
Miscellaneous Statistics.....	163

This document is available in alternate formats upon request.

# INTRODUCTION

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# State of Minnesota Department of Finance

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December 8, 1999

The Honorable Jesse Ventura, Governor

Members of the Legislature

In accordance with Minnesota Statutes, Section 16A.50, the Department of Finance is pleased to submit the Comprehensive Annual Financial Report for the state of Minnesota for the fiscal year ended June 30, 1999. This report includes the financial statements for the state, and the disclosure necessary to accurately present the financial condition and results of operations for the year then ended. The report has been prepared in accordance with generally accepted accounting principles (GAAP) for governmental units.

The Department of Finance is responsible for the accuracy, fairness and completeness of the financial statements, including all disclosures, presented in this report. The information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the state's financial activities.

The report is divided into three sections: Introductory Section; Financial Section, including the auditor's opinion and basic financial statements; and the Statistical Section, containing financial and other data for current and prior years. The Notes to the Financial Statements, in the financial section, are necessary for an understanding of the information included in the statements. They include the Summary of Significant Accounting Policies and other necessary disclosure of matters relating to the financial position of the state.

## **Financial Reporting Entity**

The financial reporting entity consists of all the funds and account groups of the primary government, as well as its component units. Component units are legally separate organizations for which the state is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either (a) the ability of the state to impose its will, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on the primary government.

The Housing Finance Agency, Higher Education Services Office, Public Facilities Authority, Minnesota Technology, Inc., Metropolitan Council, Rural Finance Authority, Agricultural and Economic Development Board, Export Finance Authority, University of Minnesota, Workers

Compensation Assigned Risk Plan, Minnesota Partnership for Action Against Tobacco, and the National Sports Center Foundation are component units reported discretely. The state has either the ability to impose its will over these agencies or provides substantial funding.

### **Economic Condition and Outlook**

Minnesota's economy continued its superb performance during fiscal year 1999. Personal income grew by 5.9 percent, which is 0.3 percent greater than the U.S. average of 5.6 percent, despite extremely low agricultural commodity prices. The state's unemployment rate continued to be among the lowest in the nation, reaching an all time low of 2.1 percent in April. For fiscal year 1999, unemployment in Minnesota averaged 2.4 percent on a seasonally adjusted basis, which is down from the fiscal year 1997 average of 2.8 percent. Nationally, seasonally adjusted unemployment rates averaged 4.4 percent during fiscal year 1999. Even with these low unemployment rates and historically high labor force participation rates, job growth was strong. During fiscal year 1999, payroll employment grew by a healthy 1.8 percent, with more than 45,000 new jobs being added. Nationally, payroll employment grew by 2.1 percent.

Minnesota's economy is projected to grow at the same rate as its U.S. counterpart during fiscal year 2000. The strengthening of the Asian economies will be important, since Minnesota is among the leaders in the proportion of manufacturing output exported to Asia. While continuing tight labor markets are expected to hold job growth to levels slightly below the U.S. averages, wage growth is expected to match the U.S. average as labor shortages lead to the use of the existing work force in more productive and higher paying positions. Federal farm disaster assistance will keep farm incomes in fiscal year 2000 near the average of the nineties. However, that assistance does nothing to remedy the longer term problems facing American agriculture.

### **Major Program Initiatives**

- *Minnesota's Tobacco Settlement.* On May 8, 1998, Minnesota settled its lawsuit with the tobacco industry, resulting in accumulated estimated payments of \$6.1 billion by 2023. A small portion of the payments (\$202 million) are dedicated for two specific purposes: research and smoking cessation. These payments are administered by the Minnesota Partnership for Action Against Tobacco (component unit) and will not be a part of the state's general revenues.

The state will receive a series of up front, one time payments, called "settlement" payments, which end after fiscal year 2003. "Annual" payments are intended to be on-going revenues to the General Fund, increasing to \$203 million in fiscal year 2004. Based upon the laws enacted in the 1999 Legislative session, the first \$922 million of the one-time settlement payments (payments received in fiscal years 1999, 2000 and 2001) will be used to create endowments for medical education, tobacco prevention, and local public health. All other payments will be general fund revenues and subject to the appropriation process.

**Estimated General Fund Non-Dedicated Tobacco Revenues**  
(in \$ Millions)

<u>Fiscal Year</u>	<u>Settlement Payments</u>	<u>Annual Payments</u>	<u>Total General Fund</u>
1998	0.0	0.0	0.0
1999	0.0	0.0	0.0
2000*	0.0	108.8	108.8
2001*	0.0	121.3	121.3
2002*	233.2	159.3	392.5
2003*	<u>118.7</u>	<u>161.9</u>	<u>280.6</u>
Total, F.Y. 1998-2003	351.9	551.3	903.2

\* These payment amount have been adjusted upward for inflation only.

- *Higher Education.* Minnesota's funding for higher education grew by approximately 10 percent in fiscal year 1999. New funding was provided for business and industry partnerships and strategic academic initiatives, including molecular and cellular biology. Technology continued its prominent role in higher education spending, with new funding provided for digital technology. The state continued development and implementation of other technology initiatives, such as MnLINK, a statewide library information system.
- *K-12 Education.* State aid to education increased by \$370 million (more than 11 percent) in fiscal year 1999. Much of the increase was in the general education program, the primary source of general operating funds for school districts. In this program, school districts received a \$79 increase per pupil unit in the basic per pupil funding amount, and also received significant increases in the funds available for poorer students (compensatory funding). State funding for special programs also increased, as the state continued its takeover of the local role in special education funding.
- *Repayment of School "Shift."* The continued strength of the state's budget allowed for the complete reversal of a school aid payment adjustment, commonly known as the property tax recognition "shift." The remainder of the shift, approximately \$90 million, was repaid in fiscal year 1999, fully eliminating an obligation of more than \$775 million to school districts. This shift was first begun in the mid 1980's, during a time of fiscal difficulties for the state and allowed the state to recognize one-time savings by delaying state aid payments to school districts. While the shift was revenue neutral to schools, it created cash flow difficulties in some districts.
- *Sales Tax Rebate.* A sales tax rebate, not to exceed \$1.3 billion, was approved by the 1999 legislature. The law specifies that the rebate is a reduction of fiscal year 1999 sales tax revenue and appropriated money from the General Fund to make the payments. The 1997 individual income tax returns were used to determine the estimated amount of 1999 sales tax paid by individuals.

The majority of the \$1.3 billion accrued was issued to the taxpayers in August and September 1999. Of this amount, about \$17 million was recollected by the state through revenue recapture for delinquent taxes. An additional \$10 million was collected for delinquent child support payments and \$12 million for restitution, fines and other amounts owed state and local agencies.

- *Preparation for the Year 2000.* Like all organizations, the state of Minnesota is preparing itself for the year 2000. A central project office was established to coordinate both planning and budgeting for changes needed so that all systems are year 2000 compliant in time to avoid business interruption. The project office had an original budget of \$1 million. In 1997, \$23 million was appropriated for all agencies to make preparations to modify or replace all critical systems that were not year 2000 compliant. An additional \$4 million was requested in fiscal year 1998 to cover additional identified costs. In addition to these amounts, many agencies are using existing resources to prepare for the change of century. While the project office is coordinating the effort, each agency is responsible for ensuring that business will continue uninterrupted into the next year.

The state's central accounting and procurement system has been upgraded to make it year 2000 compliant. The statewide payroll system is year 2000 compliant.

The state of Minnesota also recognizes that the year 2000 issue is not just a technical issue, but is also a business issue. Given the complex nature of the problem, each state agency has been working on contingency plans, which will help us respond to events that may disrupt normal business processes. It is the goal of the state to ensure that year 2000 problems in our mission-critical computer systems and business processes are identified and addressed so that delivery of systems and services continue uninterrupted in 2000.

## **Financial Information**

The Department of Finance is responsible for MAPS (Minnesota Accounting and Procurement System) and the information warehouse from which these financial statements were prepared. MAPS is maintained primarily on a budgetary basis of accounting. However, certain accrual information is recorded in MAPS. The budgetary basis recognizes revenues and expenditures essentially on a cash basis, except that encumbrances at year end are considered expenditures. Since this budgetary basis differs from GAAP, adjustments to accounting data are necessary to provide financial statements in accordance with GAAP. These disparate bases result in budgetary fund balances which often differ significantly from those calculated under GAAP.

The Department of Finance is also responsible for designing and applying the state's system of internal accounting controls. These controls provide reasonable assurance that the state's assets are protected against loss and that the accounting records from which the financial statements are prepared are reliable. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefit derived.

- *Budget Process.* The state's fiscal period is a biennium. The governor's biennial budget is presented to the legislature in January of the odd numbered years for the upcoming biennium. State statutes require a balanced budget. Specific legislative appropriations are required for several funds. These funds include the General, Trunk Highway, Highway User Tax



Distribution, State Airports, Game and Fish, Natural Resources, Minnesota Resources, Environmental, Solid Waste, Special Compensation and Health Care Access Funds.

Budgetary control is provided primarily through the accounting system. Appropriations are established in the accounting system at the amounts provided in the appropriation laws. The accounting system does not permit expenditures in excess of these amounts.

- *General Fund.* During fiscal year 1999, the total fund balance, on a GAAP basis, for the General Fund decreased by \$316.9 million to \$2.031 billion. At June 30, 1999, the unreserved, undesignated portion of the fund balance reflected a positive balance of \$62.1 million, after providing for a \$1.3 billion budgetary reserve. This compares with a \$386.8 million unreserved, undesignated fund balance at the end of fiscal year 1998 with a \$1.4 billion budgetary reserve. On a budgetary basis, the June 30, 1999 unrestricted (undesignated) fund balance for the General Fund was \$483 million, compared with a balance of \$709 million at the end of 1998.

General Fund revenues and transfers-in totaled \$11.172 billion for fiscal year 1999, down 1.3 percent from those for fiscal year 1998. General Fund expenditures and transfers-out for the year totaled \$11.485 billion, an increase of 9.7 percent from the previous year. Of this amount, \$7.910 billion (69 percent), is in the form of grants and subsidies to local governments, individuals and non-profit organizations.

- *General Government Functions.* General government functions are funded from the General, special revenue, capital projects and Debt Service Funds. These funds account for the activities of most state operations, including those also financed from transportation, natural resources and federal revenue sources, plus numerous other smaller revenue sources. The total fund balances for all of these funds decreased by \$475.9 million, with a General Fund balance decrease of \$316.9 million, special revenue funds increase of \$36.1 million, Capital projects funds decrease of \$105.8 million and Debt Service Fund decrease of \$89.3 million.

The net revenues, expenditures and transfers for these funds are presented below (expressed in thousands). The percent of total and the increases or decreases over fiscal year 1998 are also presented.

NET REVENUES	Amount	%	Increase(Decrease) over F.Y. 1998	
			Amount	%
Individual Income Taxes	\$5,695,664	33.8%	\$549,078	10.7%
Corporate Income Taxes	767,364	4.6%	20,644	2.8%
Sales Tax	2,119,403	12.6%	(1,135,354)	(34.9)%
Fuel Taxes	587,954	3.5%	30,398	5.4%
Other Taxes	2,230,807	13.2%	165,768	8.0%
Federal Revenues	3,726,654	22.1%	83,437	2.3%
Investment/Interest Income	314,311	1.9%	49,881	18.9%
Tuition and Student Fees	291,187	1.7%	(2,105)	(0.7)%
Other Revenue	1,117,616	6.6%	223,409	25.0%
Total Net Revenue	\$16,850,960	100.0%	(\$14,844)	(0.1)%

Overall revenues remained the same as recent years. The increase in corporate and individual income tax were the result of a favorable economic climate. The sales tax rebate of up to \$1.3 billion resulted in a decrease in sales tax collected. The increase in investment earnings is attributable to the favorable cash position that the state was able to maintain as a result of the increased revenue collections. Other revenue consists of license fees, departmental earnings, care and hospitalization and various miscellaneous earnings.

<u>EXPENDITURES &amp; NET TRANSFERS</u>	<u>Amount</u>	<u>%</u>	<u>Increase(Decrease) over F.Y. 1998</u>	
			<u>Amount</u>	<u>%</u>
Protection of Persons and Property	\$254,229	1.5%	\$18,474	7.8%
Transportation	427,351	2.4%	566	.1%
Resource Management	321,046	1.8%	27,600	9.4%
Economic and Manpower Development	238,670	1.4%	29,209	13.9%
Education	1,006,093	5.7%	77,611	8.4%
Health and Social Services	884,919	5.0%	(3,542)	(.4)%
General Government	359,706	2.0%	6,338	1.8%
Capital Outlays	636,503	3.6%	48,753	8.3%
Debt Service	653,510	3.7%	281,594	75.7%
Grants and Subsidies	<u>11,505,072</u>	<u>65.3%</u>	<u>1,007,408</u>	<u>9.6%</u>
Total Expenditures	\$16,287,099	92.4%	\$1,494,011	10.1%
Net Transfers-Out	<u>1,338,179</u>	<u>7.6%</u>	<u>138,225</u>	<u>11.5%</u>
Total Expenditures and Net Transfers	\$17,625,278	100.0%	\$1,632,236	10.2%

A \$79 per pupil general increase in school aid resulted in a \$312 million increase in grants from the general fund. The new education homestead and farm aid credits accounted for an additional \$178 million in grants and subsidies. Education expenditures increased due to an increase in operation costs for the State College and University System. During fiscal year 1999, Minnesota refunded \$198.7 million of bonds resulting in a substantial increase in debt service expenditures.

- *Enterprise Fund Operations.* Retained earnings for the enterprise funds increased by \$8 million to \$167.7 million. Enterprise funds provide services to the general public and are expected to recover full costs, primarily through user charges. Included among the enterprise funds is the State Lottery Fund, whose income of \$60.4 million after taxes was transferred to other state funds. This is slightly less than last year's transfer of \$63.1 million. The Minnesota Correctional Industries Fund reported net income of \$2.4 million compared with \$.8 million last year. As a result of economic conditions occurring in the small group health insurance market, the Private Employers Insurance Fund was discontinued effective September 1998.
- *Internal Service Fund Operations.* State internal service funds provide a variety of services to state agencies. These include computer services, motor pool, telecommunications, printing, management of the capitol complex buildings and insurance (employee health and life, and auto liability). The objective of these funds is to recover the full costs of services provided to other governmental organizations. The internal service funds reported a net loss of \$1.7 million for

fiscal year 1999 with total operating revenues of \$434.7 million. The internal service funds ended the year with total retained earnings of \$82.7 million, down \$1.7 million from last year. The largest fluctuation in retained earnings occurred in the Employee Insurance Fund, with a net loss of \$3.8 million compared to net income of \$4.0 million in fiscal year 1998. This loss is primarily associated with claims paid to the Blue Cross/Blue Shield account. Claims paid increased by 30 percent.

- *Fiduciary Fund Operations.* Contributions to the various pension plans are set in statute at rates expected to fully amortize the unfunded pension benefit obligations of all plans by about 2020, with differing years for each fund. In recent years, contributions have been sufficient to cover the actuarially determined contribution requirements for most funds. Actuarial valuations are performed annually for all defined benefit pension funds, and the results are used to determine any changes needed in the contribution rates.

Grants totaling more than \$875.7 million were provided from the expendable trust funds, primarily to local governments and individuals. Of this amount, \$447.9 million of the various highway taxes went to cities and counties for roads and bridges. Another \$19.5 million from earnings on the Endowment School Fund assets was distributed to school districts. Most of the remainder of the grants, \$369.1 million, were for unemployment benefits funded by taxes on employers. The fund balance for the Reemployment Insurance Fund increased by \$55.9 million to \$614.3 million.

- *Debt Administration.* Minnesota's credit ratings on general obligation bonds continued at AAA by Standard & Poor's Corporation and Fitch Investors Service, Inc., and Aaa by Moody's Investors Service.

The state issued \$200.0 million of new general obligation bonds, and \$216.9 million of general obligation bonds were redeemed during 1999, leaving an outstanding balance of \$2.4 billion. An additional \$99.7 million of refunding bonds were issued to refund \$96.1 million of bonds outstanding, saving the state aggregate debt service payments of \$3.4 million.

The state has a debt management policy which has three goals:

- Maintain AAA/Aaa bond ratings
- Minimize state borrowing costs
- Provide a reasonable financing capacity within a prudent debt limit

The state debt management policy has four guidelines. The first requires that the ratio of budgeted biennial debt service expenditures for general obligation bonded debt, paid by transfers from the General Fund, should not exceed 3.0 percent of total projected biennial General Fund non-dedicated revenues, net of refunds, on a budgetary basis. The ratio of transfers to net non-dedicated revenues for the biennium ending June 30, 1999, is 2.6 percent.

The second and third guidelines state that general obligation bonded debt should not exceed 2.5 percent of the total personal income for the state, and also that the total debt of state agencies and the University of Minnesota should not exceed 3.5 percent of total personal income. These ratios

were 1.8 percent and 3.2 percent, respectively, based on debt outstanding at June 30, 1999, and estimated personal income for the year ending on that date.

The fourth guideline states that the total amount of state general obligation debt, moral obligation debt, state bond guarantees, equipment capital leases and real estate leases should not exceed 5.0 percent of the total personal income for the state. The ratio was 3.6 percent based on information at June 30, 1999.

- *Cash Management.* The majority of cash is held in the state treasury and commingled in state bank accounts. The cash in individual funds may be invested separately where permitted by statute. However, cash in most funds is invested as a part of an investment pool. Investment earnings of the pools are allocated to the individual funds where provided by statute. Earnings for all other participants are credited to the General Fund.

Minnesota Statute requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amount and the fair value of the collateral.

The majority of the state's investing is managed by the State Board of Investment. Minnesota Statute broadly restricts investment to obligations and stocks of U.S. and Canadian governments, their agencies and their registered corporations, short-term obligations of specified high quality, restricted participation as a limited partner in venture capital, real estate, or resource equity investments and restricted participation in registered mutual funds.

- *Risk Management.* The state is prohibited by statute from insuring property against loss. Certain agencies and programs are exempted from this prohibition, these include; the Stillwater Prison, State Universities, Community Colleges, Family Farm Security Program, Department of Military Affairs, Iron Range Resources and Rehabilitation Board and the Sibley House. The Commissioner of the Department of Administration may authorize the purchase of insurance on state properties should it be deemed necessary and appropriate to protect buildings and content. All losses of state property are self-insured or are covered by programs of the Risk Management Fund (an internal service fund) or by insurance policies purchased by the Risk Management Fund on behalf of state agencies.

Employee's health, dental and life insurance are provided mainly through contracts with outside organizations. However, the state retains the potential for liabilities for some health plans. Premiums collected for these benefits have been more than sufficient to cover claims submitted.

## **Audits**

The independent Office of the Legislative Auditor performs post-audits of the activities of state agencies. Accordingly, they performed the audit of these financial statements and their opinion is included. They also issue an audit report or management letter to state agencies and a summary report to the legislature.

As a part of the audit of these financial statements, a single audit of federal programs is being conducted by the Office of the Legislative Auditor. This audit meets the requirements of the federal Single Audit Act. The audit covers federal program activities for state agencies for the year ended June 30, 1999. A supplementary report, "Financial and Compliance Report on Federally Assisted Programs" will be available in March 2000.

### **Certificate**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of Minnesota for its comprehensive annual financial report for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The state of Minnesota has received a Certificate of Achievement for each of the last fourteen fiscal years through June 30, 1998. The Department of Finance believes this current report continues to conform to the Certificate of Achievement Program requirements, and is being submitted to the GFOA.

### **Acknowledgments**

Although the Department of Finance accepts final responsibility for this report, much of the data was provided by staff in many other state agencies and component units. Assistance from these organizations ranged from providing necessary data to actual preparation of financial statements for their agencies' funds. I want to express my appreciation for the dedication of the many people in the Department of Finance who helped in the preparation of this report, as well as for the many people in other agencies, without whose efforts this report would not have been possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Pamela Wheelock". The signature is fluid and cursive, with the first name "Pamela" being more prominent than the last name "Wheelock".

Pamela Wheelock  
Commissioner

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# Certificate of Achievement for Excellence in Financial Reporting


Presented to

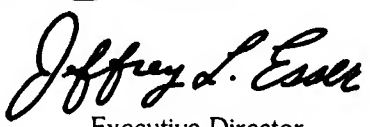
State of  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1998

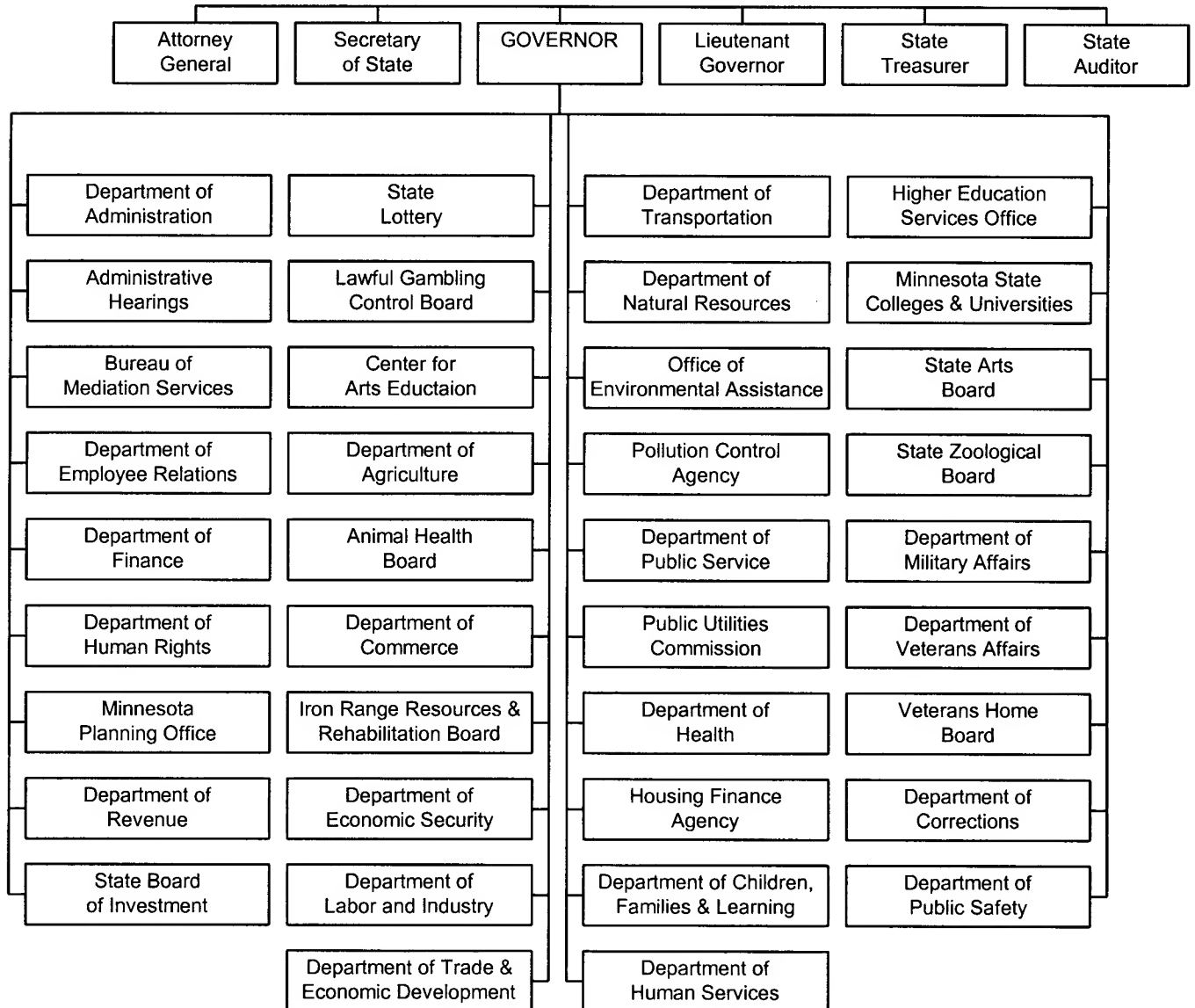
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



  
President

  
Executive Director

# STATE ORGANIZATION CHART





# **STATE OF MINNESOTA**

## **Principal Officials**

### **EXECUTIVE BRANCH**

GOVERNOR:	Jesse Ventura
LIEUTENANT GOVERNOR:	Mae Schunk
ATTORNEY GENERAL:	Mike Hatch
STATE TREASURER:	Carol C. Johnson
SECRETARY OF STATE:	Mary Kiffmeyer
STATE AUDITOR:	Judith H. Dutcher

### **LEGISLATIVE BRANCH**

#### **SPEAKER OF THE HOUSE OF REPRESENTATIVES**

Steve Sviggum

#### **PRESIDENT OF THE SENATE**

Allan H. Spear

### **JUDICIAL BRANCH**

#### **CHIEF JUSTICE OF THE SUPREME COURT**

Kathleen Blatz

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# **FINANCIAL SECTION**

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## Independent Auditor's Report

Members of the Legislature

The Honorable Jesse Ventura, Governor

Ms. Pamela Wheelock, Commissioner of Finance

We have audited the accompanying general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Metropolitan Council, Minnesota Technology Incorporated, Higher Education Services Office, Minnesota Partnership for Action Against Tobacco, Housing Finance Agency, Public Facilities Authority, Workers Compensation Assigned Risk Plan, National Sports Center Foundation, and University of Minnesota, which represent 99 percent of the assets and 99 percent of the revenues of the discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned discretely presented component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Minnesota as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

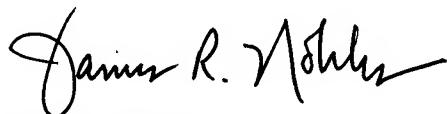
Members of the Legislature  
The Honorable Jesse Ventura, Governor  
Ms. Pamela Wheelock, Commissioner of Finance  
Page 2

As discussed in Note 21 to the general purpose financial statements, the 1999 Legislature approved a \$1.3 billion rebate of General Fund resources to eligible taxpayers. Based on statutory guidance, the State of Minnesota has reported the \$1.3 billion rebate amount as a reduction of General Fund sales tax revenue for the year ended June 30, 1999. As a result, the amount of General Fund sales tax revenue reported for the year ended June 30, 1999, is not comparable to prior years.

The year 2000 supplementary information is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We did not audit the information and do not express an opinion on it. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the State of Minnesota is or will become year 2000 compliant, the state's year 2000 remediation efforts will be successful in whole or in part, or that parties which the state does business are or will become year 2000 compliant.

Our audit was made for the purposes of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Minnesota. Such information has been subjected to the auditing procedures applied to the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 1999, on our consideration of the State of Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and grants.



James R. Nobles  
Legislative Auditor



Claudia J. Gudvangen, CPA  
Deputy Legislative Auditor

December 1, 1999

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## **General Purpose Financial Statements**

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STATE OF MINNESOTA

**COMBINED BALANCE SHEET**  
**ALL FUND TYPES, ACCOUNT GROUPS AND**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**JUNE 30, 1999**  
**(IN THOUSANDS)**

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
<b>ASSETS AND OTHER DEBITS</b>				
Cash and Cash Equivalents.....	\$ 4,053,615	\$ 1,160,836	\$ 427,815	\$ 250,639
Investments.....	6,107	1,850	-	116,627
Accounts Receivable.....	523,697	152,650	93	52
Settlement Receivable.....	-	-	-	-
Interfund Receivables.....	83,320	68,773	-	16,727
Due from Other Governmental Units.....	-	-	-	-
Due from Primary Government.....	-	-	-	-
Accrued Investment/Interest Income.....	79,682	9	4	1,513
Federal Aid Receivable.....	-	375,849	-	-
Inventories.....	-	16,048	-	-
Grant Advances.....	-	5,757	9,633	-
Food Stamps.....	-	28,024	-	-
Deferred Costs.....	-	-	-	-
Restricted Assets:				
Cash and Cash Equivalents.....	-	-	-	-
Investments.....	-	-	-	-
Loans Receivable.....	-	-	-	-
Interfund Receivables.....	-	-	-	-
Other Restricted Assets.....	-	-	-	-
Loans and Notes Receivable.....	7,486	92,557	48,198	-
Advances to Other Funds.....	3,100	740	-	-
Securities Lending Collateral.....	-	-	-	-
Fixed Assets (Net).....	-	-	-	-
Other Assets.....	-	312	-	-
Amount Available for Debt Service.....	-	-	-	-
Amount to be Provided for Debt Service.....	-	-	-	-
<b>Total Assets and Other Debits.....</b>	<b>\$ 4,757,007</b>	<b>\$ 1,903,405</b>	<b>\$ 485,743</b>	<b>\$ 385,558</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
Liabilities:				
Warrants Payable.....	\$ -	\$ -	\$ -	\$ -
Accounts Payable.....	2,410,900	509,825	36,265	365
Interfund Payables.....	44,145	117,436	21,549	-
Payable to Other Governmental Units.....	-	-	-	-
Due to Component Units.....	127,562	769	20,500	-
Due to Primary Government.....	-	-	-	-
Loans Payable between Component Units.....	-	-	-	-
Deferred Revenue.....	142,989	75,629	-	-
Payable from Restricted Assets:				
Accounts Payable.....	-	-	-	-
General Obligation Bonds Payable.....	-	-	-	-
Revenue Bonds Payable.....	-	-	-	-
Accrued Bond Interest Payable.....	-	-	-	-
Other Payable from Restricted Assets.....	-	-	-	-
General Obligation Bonds Payable.....	-	-	-	-
Loans and Notes Payable.....	-	-	-	-
Revenue Bonds Payable.....	-	-	-	-
Grants Payable.....	-	-	-	-
Claims Payable.....	-	-	-	-
Compensated Absences Payable.....	-	-	-	-
Advances from Other Funds.....	-	-	-	-
Workers Compensation Liability.....	-	-	-	-
Securities Lending Collateral.....	-	-	-	-
Funds Held in Trust.....	-	-	-	-
Other Liabilities.....	-	230	-	-
<b>Total Liabilities.....</b>	<b>\$ 2,725,596</b>	<b>\$ 703,889</b>	<b>\$ 78,314</b>	<b>\$ 365</b>
Equity and Other Credits:				
Contributed Capital.....	\$ -	\$ -	\$ -	\$ -
Investment in General Fixed Assets.....	-	-	-	-
Retained Earnings:				
Reserved Retained Earnings.....	-	-	-	-
Unreserved Retained Earnings.....	-	-	-	-
Fund Balances:				
Reserved for Encumbrances.....	180,034	150,485	34,250	-
Budgetary Reserve.....	1,299,962	78,095	-	-
Other Reserved Fund Balances.....	10,438	195,417	248,952	385,193
Unreserved Fund Balances:				
Designated Fund Balances.....	478,883	298,099	739	-
Undesignated Fund Balances.....	62,094	477,420	123,488	-
<b>Total Equity and Other Credits.....</b>	<b>\$ 2,031,411</b>	<b>\$ 1,199,516</b>	<b>\$ 407,429</b>	<b>\$ 385,193</b>
<b>Total Liabilities, Equity and Other Credits.....</b>	<b>\$ 4,757,007</b>	<b>\$ 1,903,405</b>	<b>\$ 485,743</b>	<b>\$ 385,558</b>

The notes are an integral part of the financial statements.



PROPRIETARY FUND TYPES		FIDUCIARY	ACCOUNT GROUPS		PRIMARY GOVERNMENT	
ENTERPRISE	INTERNAL	FUND TYPES	GENERAL	GENERAL	TOTALS	COMPONENT
	SERVICE	TRUST AND AGENCY	FIXED ASSETS	LONG-TERM OBLIGATION	(MEMORANDUM ONLY)	UNITS
\$ 68,021	\$ 95,327	\$ 4,678,256	\$ -	\$ -	\$ 10,734,509	\$ 1,301,419
29,750	15,090	40,151,658	-	-	40,321,082	2,050,517
25,511	34,017	184,714	-	-	920,734	300,479
-	-	-	-	-	-	63,900
5,058	28	54,956	-	-	228,862	13,306
-	-	-	-	-	-	4,712
-	-	-	-	-	-	148,831
799	259	183,053	-	-	265,319	40,409
-	-	94	-	-	375,943	57,021
15,376	1,198	2,197	-	-	34,819	31,905
-	-	-	-	-	15,390	-
-	-	-	-	-	28,024	-
983	420	-	-	-	1,403	13,400
-	-	-	-	-	-	598,030
18,604	-	-	-	-	18,604	361,539
-	-	-	-	-	-	560,166
-	-	-	-	-	-	21,244
-	-	-	-	-	-	118,302
34,803	-	22,850	-	-	205,894	2,108,620
-	-	-	-	-	3,840	-
-	-	3,934,909	-	-	3,934,909	71,622
91,109	34,433	17,701	3,112,593	-	3,255,836	2,441,411
939	-	-	-	-	1,251	1,078
-	-	-	-	232,095	232,095	44,202
-	-	-	-	2,964,315	2,964,315	130,204
<u>\$ 290,953</u>	<u>\$ 180,772</u>	<u>\$ 49,230,388</u>	<u>\$ 3,112,593</u>	<u>\$ 3,196,410</u>	<u>\$ 63,542,829</u>	<u>\$ 10,482,317</u>
\$ -	\$ -	\$ 193,340	\$ -	\$ -	\$ 193,340	\$ -
27,443	53,807	1,528,812	-	-	4,567,417	279,139
14,551	696	30,485	-	-	228,862	34,550
-	-	-	-	-	-	5
-	-	-	-	-	148,831	-
-	-	-	-	-	-	50,442
-	-	-	-	-	-	302,999
3,592	1,137	3,513	-	-	226,860	56,025
-	-	-	-	-	-	14,765
-	-	-	-	-	-	72,460
665	-	-	-	-	665	742,270
-	-	-	-	-	-	74,026
7,450	-	-	-	-	7,450	83,198
4,790	-	-	-	2,384,195	2,388,985	798,152
528	29,671	-	-	10,482	40,681	4,649
29,015	-	-	-	108,565	137,580	2,016,577
-	-	-	-	-	-	26,553
-	-	-	-	292,045	292,045	431,280
6,593	3,526	1,860	-	265,063	277,042	58,958
740	3,100	-	-	-	3,840	-
-	-	-	-	116,135	116,135	-
-	-	3,934,909	-	-	3,934,909	71,622
-	-	63,430	-	-	63,430	103,911
2,408	-	-	-	19,925	22,563	27,809
<u>\$ 97,775</u>	<u>\$ 91,937</u>	<u>\$ 5,756,349</u>	<u>\$ -</u>	<u>\$ 3,196,410</u>	<u>\$ 12,650,635</u>	<u>\$ 5,249,390</u>
\$ 25,474	\$ 6,064	\$ -	\$ -	\$ -	\$ 31,538	\$ 852,490
-	-	-	3,112,593	-	3,112,593	1,018,085
11,137	64,170	-	-	-	75,307	676,802
156,567	18,601	-	-	-	175,168	1,002,973
-	-	5,494	-	-	370,263	32,859
-	-	-	-	-	1,378,057	-
-	-	42,734,224	-	-	43,574,224	902,894
-	-	731,790	-	-	1,509,511	557,357
-	-	2,531	-	-	665,533	189,467
<u>\$ 193,178</u>	<u>\$ 88,835</u>	<u>\$ 43,474,039</u>	<u>\$ 3,112,593</u>	<u>\$ -</u>	<u>\$ 50,892,194</u>	<u>\$ 5,232,927</u>
<u>\$ 290,953</u>	<u>\$ 180,772</u>	<u>\$ 49,230,388</u>	<u>\$ 3,112,593</u>	<u>\$ 3,196,410</u>	<u>\$ 63,542,829</u>	<u>\$ 10,482,317</u>

STATE OF MINNESOTA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS  
AND DISCRETELY PRESENTED COMPONENT UNITS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE EXPENDABLE TRUST
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	
Net Revenues:					
Individual Income Taxes.....	\$ 5,695,664	\$ -	\$ -	\$ -	\$ -
Corporate Income Taxes.....	767,364	-	-	-	-
Sales Taxes.....	2,117,038	-	-	2,365	-
Motor Vehicle License Taxes.....	959	554,598	-	-	-
Fuel Taxes.....	-	587,954	-	-	-
Other Taxes.....	1,304,171	368,314	-	2,765	384,788
Tobacco Settlement.....	281,088	-	-	-	-
Federal Revenues.....	223	3,726,431	-	-	4,469
Licenses and Fees.....	155,301	184,457	-	-	-
Care and Hospitalization Revenues.....	90,170	233	-	-	-
Tuition and Student Fees.....	275,446	15,741	-	-	-
Departmental Services.....	53,999	122,677	-	-	-
Investment/Interest Income.....	220,582	58,040	3,643	32,046	148,480
Deferred Compensation Contributions.....	-	-	-	-	57,530
Securities Lending Income.....	-	-	-	-	2,371
Other Revenues.....	105,314	122,477	614	1,286	49,480
Net Revenues.....	\$ 11,067,319	\$ 5,740,922	\$ 4,257	\$ 38,462	\$ 647,118
Expenditures:					
Current:					
Protection of Persons and Property.....	\$ 121,808	\$ 132,255	\$ 166	\$ -	\$ 26
Transportation.....	457	425,908	986	-	5,439
Resource Management.....	120,272	190,512	10,262	-	4,406
Economic and Manpower Development.....	83,477	153,628	1,565	-	1,757
Education.....	905,305	82,518	18,270	-	7,629
Health and Social Services.....	553,111	331,636	172	-	904
General Government.....	281,806	39,830	37,962	108	4,045
Securities Lending Rebates and Fees.....	-	-	-	-	2,147
Total Current Expenditures.....	\$ 2,066,236	\$ 1,356,287	\$ 69,383	\$ 108	\$ 26,353
Capital Outlay.....	17,222	486,901	132,380	-	3,496
Debt Service.....	60,883	9,013	482	583,132	-
Grants and Subsidies.....	7,910,296	3,471,005	123,771	-	875,678
Deferred Compensation Withdrawals.....	-	-	-	-	32,554
Total Expenditures.....	\$ 10,054,637	\$ 5,323,206	\$ 326,016	\$ 583,240	\$ 938,081
Excess of Revenues Over (Under) Expenditures.....	\$ 1,012,682	\$ 417,716	\$ (321,759)	\$ (544,778)	\$ (290,963)
Other Financing Sources (Uses):					
General Obligation Bonds.....	\$ -	\$ 7,100	\$ 195,500	\$ 107,148	\$ -
Operating Transfers-In.....	104,229	816,561	159,617	334,035	477,833
Operating Transfers to Debt Service.....	(321,060)	(6,675)	(6,300)	-	-
Other Operating Transfers-Out.....	(276,613)	(1,203,012)	(1,563)	-	(93)
Transfers-In from Primary Government.....	-	-	-	-	-
Transfers-Out to Primary Government.....	-	-	-	-	-
Transfers-In from Component Units.....	1,040	-	-	14,298	-
Transfers-Out to Component Units.....	(833,083)	(16,385)	(103,268)	-	(1,089)
Capital Leases.....	4,007	2,947	-	-	-
Other Sources (Uses).....	-	-	-	-	-
Net Other Financing Sources (Uses).....	\$ (1,321,480)	\$ (399,464)	\$ 243,986	\$ 455,481	\$ 476,651
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (308,798)	\$ 18,252	\$ (77,773)	\$ (89,297)	\$ 185,688
Fund Balances, Beginning, as Reported.....	\$ 2,348,340	\$ 1,163,391	\$ 513,277	\$ 474,490	\$ 1,633,629
Prior Period Adjustments.....	-	19,433	(28,075)	-	-
Change in Fund Structure.....	(11,131)	(289)	-	-	-
Fund Balances, Beginning, as Restated.....	\$ 2,337,209	\$ 1,182,535	\$ 485,202	\$ 474,490	\$ 1,633,629
Residual Equity Transfers-In.....	3,000	-	-	-	-
Residual Equity Transfers-Out.....	-	(3,000)	-	-	(63)
Change in Inventory.....	-	1,729	-	-	-
Fund Balances, Ending.....	\$ 2,031,411	\$ 1,199,516	\$ 407,429	\$ 385,193	\$ 1,819,254

The notes are an integral part of the financial statements.

PRIMARY GOVERNMENT TOTALS (MEMORANDUM ONLY)	COMPONENT UNITS
\$ 5,695,664	\$ -
767,364	-
2,119,403	-
555,557	-
587,954	-
2,060,038	47,944
281,088	186,159
3,731,123	1,782
339,758	-
90,403	-
291,187	-
176,676	-
462,791	18,885
57,530	-
2,371	-
279,171	17,846
<u>\$ 17,498,078</u>	<u>\$ 272,616</u>
\$ 254,255	\$ -
432,790	35,799
325,452	28,791
240,427	11,466
1,013,722	4,212
885,823	30,658
363,751	41,049
2,147	-
<u>\$ 3,518,367</u>	<u>\$ 151,975</u>
639,999	865
653,510	37,452
12,380,750	151,997
32,554	-
<u>\$ 17,225,180</u>	<u>\$ 342,289</u>
<u>\$ 272,898</u>	<u>\$ (69,673)</u>
\$ 309,748	\$ 28,488
1,892,275	30,124
(334,035)	-
(1,481,281)	(5,960)
-	242,138
-	(8,651)
15,338	-
(953,825)	-
6,954	-
-	1,333
<u>\$ (544,826)</u>	<u>\$ 287,472</u>
<u>\$ (271,928)</u>	<u>\$ 217,799</u>
\$ 6,133,127	\$ 293,020
(8,642)	24,890
(11,420)	-
\$ 6,113,065	\$ 317,910
3,000	-
(3,063)	(21,060)
1,729	-
<u>\$ 5,842,803</u>	<u>\$ 514,649</u>

## STATE OF MINNESOTA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND AND APPROPRIATED SPECIAL REVENUE FUNDS  
BUDGETARY BASIS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
Individual Income Taxes.....	\$ 5,138,580	\$ 5,305,177	\$ 166,597	\$ -	\$ -	\$ -
Corporate Income Taxes.....	781,820	778,282	(3,538)	-	-	-
Sales Taxes.....	2,164,627	2,127,043	(37,584)	-	-	-
Motor Vehicle License Taxes.....	-	-	-	559,886	555,443	(4,443)
Fuel Taxes.....	-	-	-	579,366	583,102	3,736
Tobacco Taxes.....	-	-	-	7,433	6,591	(842)
Other Taxes.....	1,275,426	1,331,214	55,788	285,571	300,726	15,155
Federal Revenues.....	-	-	-	294,813	301,766	6,953
Other Intergovernmental Revenues.....	149,202	148,935	(267)	-	-	-
Licenses and Fees.....	-	-	-	52,904	56,449	3,545
Care and Hospitalization Revenues.....	20,836	25,554	4,718	-	-	-
Tuition and Student Fees.....	239,683	275,138	35,455	-	-	-
Departmental Services.....	54,794	34,789	(20,005)	84,322	82,267	(2,055)
Investment/Interest Income.....	192,000	219,586	27,586	36,597	41,950	5,353
Other Revenues.....	199,210	235,354	36,144	36,884	30,703	(6,181)
Net Revenues.....	\$ 10,216,178	\$ 10,481,072	\$ 264,894	\$ 1,937,776	\$ 1,958,997	\$ 21,221
Expenditures:						
Protection of Persons and Property.....	\$ 156,115	\$ 153,863	\$ 2,252	\$ 98,701	\$ 97,947	\$ 754
Transportation.....	12,433	12,319	114	1,002,566	976,466	26,100
Resource Management.....	188,975	187,428	1,547	137,931	134,536	3,395
Economic and Manpower Development.....	194,335	189,279	5,056	141,233	138,714	2,519
Education.....	5,219,588	5,075,656	143,932	285	285	-
Health and Social Services.....	3,140,974	2,885,037	255,937	161,126	148,796	12,330
General Government.....	1,590,722	1,577,117	13,605	17,603	14,896	2,707
Total Expenditures.....	\$ 10,503,142	\$ 10,080,699	\$ 422,443	\$ 1,559,445	\$ 1,511,640	\$ 47,805
Excess of Revenues Over (Under)						
Expenditures.....	\$ (286,964)	\$ 400,373	\$ 687,337	\$ 378,331	\$ 447,357	\$ 69,026
Other Financing Sources (Uses):						
Operating Transfers-In.....	\$ 324,434	\$ 334,678	\$ 10,244	\$ 664,108	\$ 687,993	\$ 23,885
Operating Transfers to Debt Service.....	(299,581)	(299,581)	-	(5,230)	(5,230)	-
Other Operating Transfers-Out.....	(385,128)	(385,128)	-	(1,145,639)	(1,145,639)	-
Transfers-Out to Component Units.....	(664,008)	(663,233)	775	(3,714)	(3,714)	-
Net Other Financing Sources (Uses).....	\$ (1,024,283)	\$ (1,013,264)	\$ 11,019	\$ (490,475)	\$ (466,590)	\$ 23,885
Excess of Revenues and Other Sources Over						
(Under) Expenditures and Other Uses.....	\$ (1,311,247)	\$ (612,891)	\$ 698,356	\$ (112,144)	\$ (19,233)	\$ 92,911
Fund Balances, Beginning, as Reported.....	2,560,891	2,560,891	-	591,282	591,282	-
Prior Period Adjustments.....	-	39,350	39,350	1	2,468	2,467
Budgetary Fund Balances, Ending.....	\$ 1,249,644	\$ 1,987,350	\$ 737,706	\$ 479,139	\$ 574,517	\$ 95,378
Less: Appropriation Carryover.....	-	204,856	(204,856)	-	42,999	(42,999)
Less: Budgetary Reserve.....	1,120,366	1,299,962	(179,596)	78,095	78,095	-
Less: Reserve for Other.....	-	-	-	3,559	3,559	-
Undesignated Fund Balances, Ending.....	\$ 129,278	\$ 482,532	\$ 353,254	\$ 397,485	\$ 449,864	\$ 52,379

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS/FUND BALANCES  
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS  
AND DISCRETELY PRESENTED COMPONENT UNITS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	PRIMARY GOVERNMENT	COMPONENT
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)	UNITS
<b>Operating Revenues:</b>					
Net Sales.....	\$ 473,882	\$ 22,419	\$ 10,989	\$ 507,290	\$ 16,962
Interest Income.....	1,283	-	-	1,283	158,325
Investment Income.....	-	-	103,676	103,676	59,351
Tobacco Settlement.....	-	-	179,712	179,712	-
Rental and Service Fees.....	67,402	114,384	-	181,786	214,679
Insurance Premiums.....	7,536	292,687	-	300,223	47,530
Other Income.....	1,204	5,215	14	6,433	7,724
<b>Total Operating Revenues.....</b>	<b>\$ 551,307</b>	<b>\$ 434,705</b>	<b>\$ 294,391</b>	<b>\$ 1,280,403</b>	<b>\$ 504,571</b>
Less: Cost of Goods Sold.....	313,502	11,770	-	325,272	-
<b>Gross Margin.....</b>	<b>\$ 237,805</b>	<b>\$ 422,935</b>	<b>\$ 294,391</b>	<b>\$ 955,131</b>	<b>\$ 504,571</b>
<b>Operating Expenses:</b>					
Interest and Financing Costs.....	\$ -	\$ -	\$ -	\$ -	\$ 158,167
Purchased Services.....	58,513	194,003	315	252,831	66,167
Salaries and Fringe Benefits.....	89,426	32,674	4,685	126,785	185,655
Claims.....	5,992	164,754	-	170,746	(7,977)
Depreciation.....	8,358	14,957	-	23,315	63,058
Amortization.....	25	325	-	350	49
Supplies and Materials.....	6,273	6,028	-	12,301	20,404
Indirect Costs.....	2,634	2,201	-	4,835	524
Other Expenses.....	5,759	1,770	-	7,529	17,786
<b>Total Operating Expenses.....</b>	<b>\$ 176,980</b>	<b>\$ 416,712</b>	<b>\$ 5,000</b>	<b>\$ 598,692</b>	<b>\$ 503,833</b>
<b>Operating Income (Loss).....</b>	<b>\$ 60,825</b>	<b>\$ 6,223</b>	<b>\$ 289,391</b>	<b>\$ 356,439</b>	<b>\$ 738</b>
<b>Nonoperating Revenues (Expenses):</b>					
Investment Income.....	\$ 6,419	\$ 7,115	\$ -	\$ 13,534	\$ 103,128
Grants and Subsidies.....	231	-	-	231	79,325
Other Nonoperating Revenues.....	913	705	-	1,618	107,187
Interest and Financing Costs.....	(2,332)	(1,421)	-	(3,753)	(28,529)
Rebate Costs.....	-	(3,341)	-	(3,341)	-
Grants, Aids and Subsidies.....	(566)	-	-	(566)	(109,849)
Other Nonoperating Expenses.....	-	-	-	-	(1,380)
Gain (Loss) on Sale of Fixed Assets.....	(49)	481	125	557	21,885
<b>Net Nonoperating Revenues (Expenses).....</b>	<b>\$ 4,616</b>	<b>\$ 3,539</b>	<b>\$ 125</b>	<b>\$ 8,280</b>	<b>\$ 171,767</b>
<b>Income Before Operating Transfers.....</b>	<b>\$ 65,441</b>	<b>\$ 9,762</b>	<b>\$ 289,516</b>	<b>\$ 364,719</b>	<b>\$ 172,505</b>
Operating Transfers-In.....	5,404	-	23,210	28,614	778
Operating Transfers-Out.....	(63,246)	(11,433)	(30,894)	(105,573)	(24,942)
Transfers-In from Primary Government.....	-	-	-	-	40,076
Transfers-Out to Primary Government.....	-	-	-	-	(1,040)
<b>Net Income (Loss).....</b>	<b>\$ 7,599</b>	<b>\$ (1,671)</b>	<b>\$ 281,832</b>	<b>\$ 287,760</b>	<b>\$ 187,377</b>
Depreciation on Fixed Assets Acquired with Contributed Capital.....	352	-	-	352	29,606
<b>Increase (Decrease) in Retained Earnings/Fund Balances.....</b>	<b>\$ 7,951</b>	<b>\$ (1,671)</b>	<b>\$ 281,832</b>	<b>\$ 288,112</b>	<b>\$ 216,983</b>
Retained Earnings/Fund Balances, Beginning, as Reported.....	\$ 159,673	\$ 84,442	\$ 762,650	\$ 1,006,765	\$ 1,462,121
Prior Period Adjustments.....	80	-	-	80	671
Retained Earnings/Fund Balances, Beginning, as Restated.....	\$ 159,753	\$ 84,442	\$ 762,650	\$ 1,006,845	\$ 1,462,792
Residual Equity Transfers-In.....	-	-	63	63	-
<b>Retained Earnings/Fund Balances, Ending.....</b>	<b>\$ 167,704</b>	<b>\$ 82,771</b>	<b>\$ 1,044,545</b>	<b>\$ 1,295,020</b>	<b>\$ 1,679,775</b>

The notes are an integral part of the financial statements.

## STATE OF MINNESOTA

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	PRIMARY GOVERNMENT TOTALS (MEMORANDUM ONLY)	COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	NON- EXPENDABLE TRUST		
Cash Flows from Operating Activities:					
Operating Income (Loss).....	\$ 60,825	\$ 6,223	\$ 289,391	\$ 356,439	\$ 738
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation.....	\$ 8,358	\$ 15,087	\$ -	\$ 23,445	\$ 63,058
Amortization.....	25	325	-	350	49
Write-off of Equipment.....	22	-	-	22	-
Investment Income.....	-	-	(103,676)	(103,676)	(62,186)
Interest and Financing Costs.....	-	-	-	-	158,167
Loan Principal Repayments.....	4,119	-	-	4,119	346,695
Loans Issued.....	(4,580)	-	-	(4,580)	(371,006)
Provision for Loan Defaults.....	390	-	-	390	(1,331)
Customer Deposits.....	-	-	-	-	33,767
Return of Customer Deposits.....	-	-	-	-	(46,842)
Net Nonoperating Revenues (Expenses).....	912	-	-	912	1,971
Change in Assets and Liabilities:					
Accounts Receivable.....	(6,663)	(1,010)	(699)	(8,372)	26,785
Inventories.....	(1,771)	214	-	(1,557)	344
Other Assets.....	(1,422)	(11)	-	(1,433)	2,140
Accounts Payable.....	6,086	8,291	162	14,539	3,290
Deferred Revenues.....	1,759	373	-	2,132	(1,651)
Claims and Judgments Payable.....	-	-	-	-	(76,000)
Other Liabilities.....	2,858	357	-	3,215	1,405
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 10,093	\$ 23,626	\$ (104,213)	\$ (70,494)	\$ 78,655
Net Cash Flows from Operating Activities.....	\$ 70,918	\$ 29,849	\$ 185,178	\$ 285,945	\$ 79,393
Cash Flows from Noncapital Financing Activities:					
Grant Receipts.....	\$ 204	\$ 705	\$ -	\$ 909	\$ 242,417
Grant Disbursements.....	(566)	-	-	(566)	(118,835)
Transfers-In.....	6,454	-	22,304	28,758	42,784
Transfers-Out.....	(61,747)	(11,433)	(29,133)	(102,313)	(23,167)
Residual Equity Transfers-In.....	-	-	(63)	(63)	-
Advances from Other Funds.....	20	6,365	-	6,385	-
Advances to Other Funds.....	(49)	(33)	-	(82)	-
Repayments of Advances from Other Funds.....	-	(6,325)	-	(6,325)	-
Repayments of Advances to Other Funds.....	-	30	-	30	-
Rebate Costs.....	-	(841)	-	(841)	-
Proceeds from Bond Sales.....	-	-	-	-	499,620
Repayment of Debt.....	-	-	-	-	(379,647)
Bond Issuance Costs.....	-	-	-	-	(2,586)
Interest Paid.....	-	-	-	-	(158,275)
Net Cash Flows from Noncapital Financing Activities.....	\$ (55,684)	\$ (11,532)	\$ (6,892)	\$ (74,108)	\$ 102,311
Cash Flows from Capital and Related Financing Activities:					
Investment in Fixed Assets.....	\$ (11,369)	\$ (19,409)	\$ -	\$ (30,778)	\$ (99,898)
Investment Leasehold Improvements.....	-	(58)	-	(58)	-
Proceeds from the Sale of Fixed Assets.....	-	1,110	865	1,975	25,630
Proceeds of Capital Loan.....	86	-	-	86	-
Capital Contributions.....	-	-	-	-	37,933
Capital Lease Payments.....	-	51	-	51	-
Proceeds from Loans.....	-	18,557	-	18,557	-
Repayment of Loan Principal and Other Capital Debt.....	-	(16,308)	-	(16,308)	-
Proceeds from Bond Sales.....	-	-	-	-	53,674
Repayment of Bond Principal.....	(2,458)	-	-	(2,458)	(73,670)
Interest Paid.....	(2,327)	(1,401)	-	(3,728)	(30,123)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (16,068)	\$ (17,458)	\$ 865	\$ (32,661)	\$ (86,454)
Cash Flows from Investing Activities:					
Proceeds from Sales and Maturities of Investments.....	\$ 337,555	\$ 4,998	\$ -	\$ 342,553	\$ 1,194,672
Purchase of Investments.....	(340,448)	-	(58,968)	(399,416)	(1,216,198)
Investment Earnings.....	6,275	7,323	30,364	43,962	123,252
Net Cash Flows from Investing Activities.....	\$ 3,382	\$ 12,321	\$ (28,604)	\$ (12,901)	\$ 101,726

STATE OF MINNESOTA

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	PRIMARY GOVERNMENT TOTALS (MEMORANDUM ONLY)	COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	NON- EXPENDABLE TRUST		
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 2,548	\$ 13,180	\$ 150,547	\$ 166,275	\$ 196,976
Cash and Cash Equivalents, Beginning, As Reported.....	\$ 58,888	\$ 82,147	\$ 42,029	\$ 183,064	\$ 781,455
Prior Period Adjustment.....	-	-	-	-	197,160
Change in Fund Structure.....	6,585	-	-	6,585	-
Cash and Cash Equivalents, Beginning, As Restated.....	\$ 65,473	\$ 82,147	\$ 42,029	\$ 189,649	\$ 978,615
Cash and Cash Equivalents, Ending.....	\$ 68,021	\$ 95,327	\$ 192,576	\$ 355,924	\$ 1,175,591

**Reconciliation of Cash and Cash Equivalents to the Combined Balance Sheet:**

Cash and Cash Equivalents for the Nonexpendable Trust Funds and the Component Units as of June 30, 1999, on the Combined Statement of Cash Flows is reconciled to the Cash and Cash Equivalents on the Combined Balance Sheet as follows:

**Cash and Cash Equivalents June 30, 1999:**  
**(In Thousands)**

<b>Fiduciary Funds:</b>	
Pension Trust Funds.....	\$ 3,068,649
Investment Trust Funds.....	32,977
Nonexpendable Trust Funds.....	192,576
Expendable Trust Funds.....	1,152,830
Agency Funds.....	231,224
<b>Total Fiduciary Funds.....</b>	<b>\$ 4,678,256</b>
<b>Component Units:</b>	
Governmental Funds.....	\$ 112,487
Proprietary Funds.....	1,175,591
University Fund.....	611,371
<b>Total Component Units.....</b>	<b>\$ 1,899,449</b>

**Noncash Investing, Capital, and Financing Activities:**

Depreciation reported on the Statement of Cash Flows exceeds that reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for the Internal Service Funds because a portion of the depreciation is included in the Cost of Goods Sold.

The notes are an integral part of the financial statements.

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**COMBINED STATEMENT OF CHANGES  
IN PLAN NET ASSETS  
PENSION AND INVESTMENT TRUST FUNDS  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)**

	PENSION TRUST FUNDS			INVESTMENT TRUST	
	DEFINED BENEFIT	DEFINED CONTRIBUTION	TOTAL PENSION TRUST	SUPPLEMENTAL RETIREMENT	TOTAL
<b>Additions:</b>					
<b>Contributions:</b>					
Employer.....	\$ 450,789	\$ 21,992	\$ 472,781	\$ -	\$ 472,781
Member.....	404,661	18,371	423,032	-	423,032
Contributions from Other Sources.....	50	-	50	-	50
Participating Plans.....	-	-	-	222,107	222,107
<b>Total Contributions.....</b>	<b>\$ 855,500</b>	<b>\$ 40,363</b>	<b>\$ 895,863</b>	<b>\$ 222,107</b>	<b>\$ 1,117,970</b>
<b>Net Investment Income:</b>					
Investment Income.....	\$ 4,123,194	\$ 99,551	\$ 4,222,745	\$ 44,627	\$ 4,267,372
Less: Investment Expense.....	(25,067)	-	(25,067)	(180)	(25,247)
<b>Net Investment Income.....</b>	<b>\$ 4,098,127</b>	<b>\$ 99,551</b>	<b>\$ 4,197,678</b>	<b>\$ 44,447</b>	<b>\$ 4,242,125</b>
<b>Securities Lending Revenues (Expenses):</b>					
Securities Lending Income.....	\$ 198,560	\$ 2,516	\$ 201,076	\$ 1,689	\$ 202,765
Borrower Rebates.....	(174,949)	(2,224)	(177,173)	(1,489)	(178,662)
Management Fees.....	(6,155)	(70)	(6,225)	(48)	(6,273)
<b>Net Securities Lending Revenue.....</b>	<b>\$ 17,456</b>	<b>\$ 222</b>	<b>\$ 17,678</b>	<b>\$ 152</b>	<b>\$ 17,830</b>
<b>Total Investment Income.....</b>	<b>\$ 4,115,583</b>	<b>\$ 99,773</b>	<b>\$ 4,215,356</b>	<b>\$ 44,599</b>	<b>\$ 4,259,955</b>
Transfers From Other Funds.....	\$ 7,899	\$ 1,101	\$ 9,000	\$ -	\$ 9,000
Other Additions.....	6,382	351	6,733	-	6,733
<b>Total Additions.....</b>	<b>\$ 4,985,364</b>	<b>\$ 141,588</b>	<b>\$ 5,126,952</b>	<b>\$ 266,706</b>	<b>\$ 5,393,658</b>
<b>Deductions:</b>					
Benefits.....	\$ 1,482,319	\$ -	\$ 1,482,319	\$ -	\$ 1,482,319
Refunds/Withdrawals.....	36,657	33,024	69,681	24,713	94,394
Administrative Expenses.....	26,454	4,556	31,010	-	31,010
Transfers to Other Funds.....	3,639	5,361	9,000	-	9,000
<b>Total Deductions.....</b>	<b>\$ 1,549,069</b>	<b>\$ 42,941</b>	<b>\$ 1,592,010</b>	<b>\$ 24,713</b>	<b>\$ 1,616,723</b>
<b>Net Increase.....</b>	<b>\$ 3,436,295</b>	<b>\$ 98,647</b>	<b>\$ 3,534,942</b>	<b>\$ 241,993</b>	<b>\$ 3,776,935</b>
<b>Net Assets Held in Trust for Pension Benefits, Beginning.....</b>	<b>\$ 35,960,404</b>	<b>\$ 687,904</b>	<b>\$ 36,648,308</b>	<b>\$ 184,997</b>	<b>\$ 36,833,305</b>
<b>Net Assets Held in Trust for Pension Benefits, Ending.....</b>	<b>\$ 39,396,699</b>	<b>\$ 786,551</b>	<b>\$ 40,183,250</b>	<b>\$ 426,990</b>	<b>\$ 40,610,240</b>

The notes are an integral part of the financial statements.

# STATE OF MINNESOTA

## UNIVERSITY OF MINNESOTA STATEMENT OF CHANGES IN FUND BALANCES - CONSOLIDATED TOTALS YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	CONSOLIDATED TOTALS
Revenues and Other Additions:	
Unrestricted Revenues.....	\$ 663,708
Federal Appropriations.....	16,178
Transfers from Primary Government.....	643,682
Federal Grants and Contracts.....	256,465
State Grants and Contracts.....	43,630
Other Government Grants and Contracts.....	6,778
Private Gifts, Grants, and Contracts.....	215,582
Endowment Income.....	11,137
Investment Income.....	11,191
Realized Gains and Adjustments to Market Value, Net.....	91,177
Student Loan Interest.....	1,867
Expended for Plant Facilities.....	230,083
Retirement of Indebtedness.....	5,094
Other Additions.....	7,804
Total Revenues and Other Additions.....	<u>\$ 2,204,376</u>
Expenditures and Other Deductions:	
Education and General.....	\$ 1,578,263
Auxiliary Enterprises.....	148,036
Indirect Costs Recovered.....	55,391
Adjustments to Carrying Value of Loans.....	304
Administrative and Collection Costs.....	611
Expended for Plant Facilities.....	164,119
Transfer to Primary Government.....	5,647
Retirement of Indebtedness.....	612
Debt Incurred.....	7,956
Interest on Indebtedness.....	17,432
Depreciation of Investment in Plant.....	111,900
Disposal of Plant.....	7,123
Total Expenditures and Other Deductions.....	<u>\$ 2,097,394</u>
Net Increase for the Year .....	<u>\$ 106,982</u>
Fund Balance, Beginning, as Reported.....	\$ 2,105,557
Change in Accounting Principle.....	(40,702)
Fund Balance, Beginning, as Restated.....	<u>\$ 2,064,855</u>
Fund Balance, Ending.....	<u><u>\$ 2,171,837</u></u>

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

UNIVERSITY OF MINNESOTA  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES  
YEAR ENDED JUNE 30, 1999  
(IN THOUSANDS)

	UNRESTRICTED	RESTRICTED	TOTAL
Revenues and Transfers from Primary Government:			
Tuition and Fees.....	\$ 279,083	\$ -	\$ 279,083
Federal Appropriations.....	-	16,153	16,153
Transfers from Primary Government.....	501,950	77,268	579,218
Federal Grants and Contracts.....	48,145	206,164	254,309
State Grants and Contracts.....	540	48,886	49,426
Other Government Grants and Contracts.....	75	4,160	4,235
Private Gifts, Grants and Contracts.....	15,082	211,561	226,643
Endowment Income.....	87	11,100	11,187
Investment Income.....	27,772	1,434	29,206
Realized Gains and Adjustments to Market Value, Net.....	(1,480)	(66)	(1,546)
Sales and Services of Educational Activities.....	98,074	-	98,074
Sales and Services of Auxiliary Enterprises.....	196,330	-	196,330
Total Revenues and Transfers from Primary Government.....	\$ 1,165,658	\$ 576,660	\$ 1,742,318
Expenditures and Mandatory Transfers:			
Education and General:			
Instruction.....	\$ 365,980	\$ 82,030	\$ 448,010
Research.....	60,090	281,424	341,514
Public Service.....	32,982	112,816	145,798
Academic Support.....	164,988	38,569	203,557
Student Services.....	57,190	5,299	62,489
Institutional Support.....	156,736	3,933	160,669
Operation and Maintenance of Plant.....	124,379	303	124,682
Scholarship and Fellowships.....	40,753	50,791	91,544
Education and General Expenditures.....	\$ 1,003,098	\$ 575,165	\$ 1,578,263
Mandatory Transfers for:			
Principal and Interest.....	\$ 5,449	\$ 38	\$ 5,487
Student Aid Matching.....	732	(588)	144
Total Education and General.....	\$ 1,009,279	\$ 574,615	\$ 1,583,894
Auxiliary Enterprises:			
Expenditures.....	\$ 145,991	\$ 2,045	\$ 148,036
Mandatory Transfers for:			
Principal and Interest.....	1,106	-	1,106
Renewals and Replacements.....	144	-	144
Total Auxiliary Enterprises.....	\$ 147,241	\$ 2,045	\$ 149,286
Total Current Expenditures and Mandatory Transfers.....	\$ 1,156,520	\$ 576,660	\$ 1,733,180
Other Transfers, Additions (Deductions):			
Excess of Restricted Additions Over Expenditures.....	\$ -	\$ (3,668)	\$ (3,668)
Refunded to Grantors.....	-	(2,695)	(2,695)
Nonmandatory Transfers.....	(53,050)	3,850	(49,200)
Total Other Transfers, Additions (Deductions).....	\$ (53,050)	\$ (2,513)	\$ (55,563)
Net Increase (Decrease) for the Year.....	\$ (43,912)	\$ (2,513)	\$ (46,425)

The notes are an integral part of the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS

### JUNE 30, 1999

These notes provide disclosures relevant to the combined financial statements on the preceding pages.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

##### **Basis of Presentation**

The reporting policies of the state of Minnesota conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

##### **Financial Reporting Entity of the State of Minnesota**

This report includes the various state departments, agencies, institutions and organizational units, which are controlled by or dependent upon the Minnesota legislature and/or its constitutional officers. The state, a primary government, has also considered for inclusion all potential component units for which it may be financially accountable and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. The GASB has set forth criteria to be used in determining financial accountability. These criteria include the state's ability to appoint a voting majority of an organization's governing body, and either the state's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose, specific financial burdens on the state. As required by GAAP, these financial statements include the state of Minnesota (the primary government) and its component units.

*Discretely presented component units.* These are entities that are legally separate from the state, but for which the state is financially accountable, or their relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. These component units are reported in a separate column and separately identified in the note disclosures because of their separate legal status.

- **Metropolitan Council (MC)** (governmental and proprietary fund types). MC is responsible for coordinating the planning and development of the seven-county metropolitan area. MC operates the public transit system and the regional sewage collection and treatment system. The council members are appointed by the governor with the chair responsible for the council activities. MC includes the Metropolitan Sports Facilities Commission as a component unit. MC's fiscal year ends December 31.
- **Minnesota Technology Incorporated (MTI)** (governmental fund type). MTI fosters long-term economic growth and job creation by stimulating innovation and the development of new products, services and production processes through technology transfer, applied research and financial assistance. The state's General Fund provides most of the funding for MTI.
- **Higher Education Services Office (HESO)** (governmental and proprietary fund types). HESO makes and guarantees loans to qualified post-secondary students. HESO provides the state grant and loan program services for which the state provides administrative funding. Revenue bonds are issued in its own name with limitations set by the legislature.
- **Export Finance Authority (EFA)** (governmental fund type). EFA aids and facilitates the financing of exports from the state. Excess revenue is transferred to the state's General Fund.
- **Agricultural and Economic Development Board (AEDB)** (governmental fund type). AEDB provides services to state government by administering state programs for agricultural and economic development. AEDB may issue revenue bonds for the purpose of financing development projects.

- **Rural Finance Authority (RFA)** (governmental fund type). RFA administers a number of state agriculture programs, including the homestead redemption program, loan restructuring program and agricultural improvement program. RFA is under the administrative control of a commissioner appointed by the governor. The state has issued general obligation bond debt for the programs.
- **Minnesota Partnership for Action Against Tobacco (MPAAT)** (governmental fund type). MPAAT issues grants to health, community and academic organizations throughout Minnesota in support of research and cessation activities that will encourage and help tobacco users quit. MPAAT is funded through a tobacco lawsuit settlement with the state of Minnesota.
- **Housing Finance Agency (HFA)** (proprietary fund type). HFA provides money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes. HFA is under the administrative control of a commissioner appointed by the governor. HFA issues bonds in its own name.
- **Public Facilities Authority (PFA)** (governmental and proprietary fund types). PFA provides assistance to municipalities, primarily for wastewater treatment construction projects. A state agency provides administrative services to PFA. The state provides funding for PFA. The board members determine the funding for local government projects.
- **Workers' Compensation Assigned Risk Plan (WCARP)** (proprietary fund type). WCARP is the source of workers' compensation and employers' liability coverage for Minnesota employers who have been unable to obtain an insurance policy through the voluntary market. The state Commissioner of the Department of Commerce enters into administrative contracts, sets premium rates and makes assessments. The Commissioner has the authority to assess all licensed workers' compensation insurance companies doing business in Minnesota an amount sufficient to fully fund the obligations of the plan to the extent that the assets are inadequate to meet its obligations. WCARP's fiscal year ends December 31.
- **National Sports Center Foundation (NSCF)** (proprietary fund type). NSCF is under contract with the Minnesota Amateur Sports Commission to operate the National Sports Center facility primarily for the purpose of holding youth-oriented athletic and other non-athletic functions and events. NSCF is responsible for certain improvements to the facility and the operating costs of the facility. The commission approves the foundation's spending budget, approves all rates and fees and has ownership of any reserve funds. The assets belong to the state. The foundation's fiscal year ends December 31.
- **University of Minnesota (U of M)** (college and university fund type). The U of M was established on a permanent basis by the Minnesota constitution. The state appropriates a large percentage of the U of M's operating budget. The legislature elects the 12-member board of regents, which governs the U of M, but the state does not have direct authority over the U of M's management. The state has issued debt for the U of M capital projects.

Complete financial statements of the discretely presented component units may be obtained from their respective administrative offices as follows:

Metropolitan Council  
Mears Park Centre  
230 East Fifth Street  
St. Paul, Minnesota 55101

Public Facilities Authority  
Department of Trade & Economic Development  
121 East Seventh Place  
St. Paul, Minnesota 55101

Minnesota Technology Incorporated  
400 Mill Place  
111 Third Avenue South  
Minneapolis, Minnesota 55401

Higher Education Services Office  
1450 Energy Park Drive  
Suite 350  
St. Paul, Minnesota 55108

Agricultural & Economic Development Board  
Dept. of Trade & Economic Development  
121 East Seventh Place  
St. Paul, Minnesota 55101

Export Finance Authority  
Department of Trade & Economic Development  
1000 World Center, 30 East Seventh Street  
St. Paul, Minnesota 55101

Rural Finance Authority  
Department of Agriculture  
90 West Plato Boulevard  
St. Paul, Minnesota 55107

Workers' Compensation Assigned Risk Plan  
Park Glen National Insurance Company  
4500 Park Glen Road, Suite 410  
Minneapolis, Minnesota 55416

Minnesota Partnership for Action Against Tobacco  
590 Park Street  
Suite 400  
St. Paul, Minnesota 55103

National Sports Center Foundation  
National Sports Center  
1700 105 Avenue Northeast  
Blaine, Minnesota 55449

Housing Finance Agency  
400 Sibley Street, Suite 300  
St. Paul, Minnesota 55101

University of Minnesota  
100 Church Street Southeast, 301 Morrill Hall  
Minneapolis, Minnesota 55455

*Related entities.* These are entities for which the state is accountable because the state appoints a voting majority of the board, but for which the state does not have financial accountability. The following are related entities not included in the reporting entity:

- **Higher Education Facilities Authority.** The governor appoints a majority of the board. The Authority can issue revenue bonds and notes in its name. The state has no statutory authority to affect the operations of the Authority.
- **Joint Underwriting Association.** The governor appoints a majority of each board. The board establishes the operating plan and determines premium rates and assessments. Membership in the associations is a condition for doing business in the state.
- **Medical Malpractice Joint Underwriting Association.** The governor appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments. Membership in the association is a condition for doing business in the state.
- **Metropolitan Airports Commission.** The governor appoints a majority of the voting commissioners. The state has no statutory authority to directly affect the commission's activities and operations. Holders of the commission's debt instruments have no recourse against the state.
- **State Fund Mutual Insurance Company.** The governor appoints a majority of the board. The board establishes the operating plan and determines premium rates and assessments.
- **Workers' Compensation Reinsurance Association.** The governor appoints a majority of the board. The association supports itself solely from revenues derived from premiums charged to its members. The state has no authority to affect the operations of the association.

The following organizations also prepare and publish their own financial reports, which may contain differences in presentation resulting from differing reporting emphasis. Copies of their reports may be obtained directly from the organization.

State Lottery  
2645 Long Lake Road  
Roseville, Minnesota 55113

Minnesota State Retirement System  
175 West Lafayette Frontage Road, Suite 300  
St. Paul, Minnesota 55107

Public Employees Retirement Association  
200 Skyway Level  
514 St. Peter Street  
St. Paul, Minnesota 55102

State Board of Investment  
Capital Professional Office Building  
590 Park Street, Suite 200  
St. Paul, Minnesota 55155

Teachers Retirement Association  
500 Gallery Building  
17 West Exchange Street  
St. Paul, Minnesota 55102

### **Classification of Funds**

Individual funds have been established as stipulated by legal provisions or by administrative discretion. The funds presented are classified as follows:

*Governmental Funds* account for the acquisition, use and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category. Included in this classification are the General Fund (which accounts for all financial resources except those required to be accounted for in another fund), special revenue, capital projects and debt service fund types. The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects). The capital project funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds. The Debt Service Fund accounts for the accumulation of resources for, and the payment of, most general obligation long-term debt principal and interest.

*Proprietary Funds* account for all assets, liabilities and equities, and match revenues and expenses to determine net income and capital maintenance. The fund types included in this category are the enterprise and internal service funds.

*Fiduciary Funds* account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Included in this fund category are expendable and nonexpendable trust, pension and investment trust and agency fund types. Depending on their nature, fiduciary funds are classified for accounting measurement purposes, such as governmental (expendable trust funds) or proprietary funds (pension, investment and nonexpendable trust funds). Agency funds are custodial in nature; thus, they do not measure results of operations.

*Account Groups* provide the means to account for the fixed asset acquisitions and the general obligation long-term indebtedness for all governmental fund types.

*Component Units* account for the assets, liabilities and operations of discretely presented component units. Statements other than balance sheets are combined with statements of funds using a similar basis of accounting.

### **Basis of Accounting**

All proprietary, pension, investment and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized as they are incurred. The accrual basis of accounting is also used for contributions, benefits and refunds paid for defined benefit and defined contribution pension plans. All proprietary funds, except the Workers' Compensation Assigned Risk Plan (WCARP, component unit), follow applicable GASB guidance or Financial Accounting Standard Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with, or contradict, GASB pronouncements. WCARP has elected to follow all applicable FASB statements issued after November 30, 1989 that do not contradict GASB pronouncements.



All governmental, expendable trust and agency funds are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting includes the following recognition principles:

*Revenues.* Individual income, sales and unemployment compensation taxes and federal grants are the major revenue sources susceptible to accrual. Tax revenues are recognized in the period they become both measurable and available to finance expenditures of the current period. *Measurable* means that taxpayer liability is supported by sufficient documentation and can be reasonably estimated. *Available* means the revenue is collectible by the close of the books in September. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the claim is received and the state's liability is measurable. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenues to which the state does not yet have legal entitlement, are reported as deferred revenue until the related commitment arises, at which time revenue is recognized.

Taxpayer assessed revenues are recognized in accordance with GASB Statement 22, "Accounting for Taxpayer Assessed Tax Revenues". This principle requires that revenues are recognized in the accounting period in which they become susceptible to accrual. These tax revenues include sales, income, gasoline, medical providers and miscellaneous taxes, which are accrued in the fiscal period when they become both measurable and available to finance expenditures.

*Expenditures and related liabilities.* Expenditures and related liabilities are recognized when fund obligations are incurred as a result of the receipt of the goods and services, except principal and interest on long-term debt, which are recorded when due. Grant expenditures are discussed separately.

*Encumbrances.* Encumbrance accounting is used for budgetary control and reporting purposes only. In the financial statements, encumbrances are recorded in the balance sheet as a reservation of fund balance for subsequent year expenditures, except for those long-term commitments which rely significantly on future resources, as discussed in Note 10.

*College and university type.* College and university type is accounted for on the accrual basis of accounting in accordance with accounting principles outlined in the American Institute of Certified Public Accountants' audit guide, Audits of Colleges and Universities and guidelines suggested by the National Association of College and University Business Officers. Under these standards, two types of operating statements are prepared, which should not be combined with governmental or proprietary statements. Only the combined totals are presented for the statement of revenues, expenses and changes in fund balance.

The above guidelines normally permit recognition of revenues and receivables when the state appropriates funds. For consistency in reporting intra-entity transactions, the state does not apply this guideline to transactions between the primary government and the college and university type.

### **Grant Expenditures and Liabilities Recognition**

Grants are contributions of cash or other assets by the state to other governmental units, individuals or non-governmental organizations. Because the state does not receive a direct service for grant payments, the GAAP requirement that expenditures and liabilities be recognized at the point goods and services are received is not relevant for grants. Therefore, it is necessary to use different criteria for the recognition of grant expenditures and liabilities.

Grants are normally paid on an entitlement or reimbursement basis. Reimbursements may be for specific services provided to eligible recipients, or such reimbursements may be for eligible types of expenditures. Grants paid on a reimbursement basis are recognized as expenditures and liabilities in the year in which the grantee incurs the costs of specific services to eligible recipients or makes eligible types of expenditures. Entitlement type grants may be based on services provided by the grantee, which the grant is meant to help fund, but are not based on the cost of providing the service. Expenditures and related liabilities for these types of entitlement grants are recognized as the service is provided if the amount owed is reasonably estimable soon after the end of the fiscal year. Other types of entitlement type grants are not based on the

services provided or the actions taken by the grantee. Expenditures and related liabilities for these types of grants are recognized in the fiscal year in which the resources were appropriated.

### **Compensated Absences**

State employees accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in the collective bargaining agreements. Such leave is liquidated in cash only at the time of termination from state employment. For governmental funds, the liability for compensated absences is reported in the General Long-Term Obligation Account Group. All other fund types report this liability as a fund liability.

### **Cash Equivalents and Investments**

Cash equivalents are short-term, highly liquid investments having original maturities (remaining time to maturity at acquisition) of three months or less. Cash management pools and money market funds that are used essentially as demand deposit accounts are also included in cash equivalents.

Investments are reported at fair value. The basis for determining the fair value of investments that are not based on market quotations includes analysis of future cash flows, audited financial statements and independent appraisals.

### **Inventories**

Inventories for governmental funds are recorded as expenditures when purchased and are not a resource available for appropriation. There are exceptions to this. The Trunk Highway Fund (special revenue fund) inventories are valued using the weighted-average cost. Inventories of the Miscellaneous Special Revenue (special revenue fund) and the Northeast Minnesota Economic Protection (expendable trust) funds consist of repossessed properties held for resale and are valued at market. Inventories for all other funds are expensed when consumed. Inventories maintained by the various funds are determined by annual and periodic physical counts. Inventories of the enterprise funds are valued using the first-in first-out, average cost and specific cost methods. Inventories of the internal service funds are valued using the first-in first-out method.

### **Restricted Assets**

Mandatory asset segregations are presented in various enterprise funds as restricted assets. Such segregations are required by bond covenants and other external restrictions. The excess of restricted assets over liabilities payable from restricted assets will first be used for bonds payable. The remainder, if any, is included in reserved retained earnings.

### **Fixed Assets**

*Governmental Fund Types.* Fixed assets for these funds are reported in the General Fixed Assets Account Group. General fixed assets are recorded at cost or, for donated assets, at fair value at the date of acquisition. An inventory of land and buildings for the general fixed assets was completed in 1985. Historical cost records for older fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used in these situations. Tax forfeited land is not included in land inventory because the state does not take permanent title; when the land is sold, proceeds are distributed to local jurisdictions. Public domain (infrastructure) general fixed assets, such as highways, curbs, bridges and lighting systems, are not capitalized. Depreciation is not provided on the general fixed assets nor is interest capitalized during construction.

*Proprietary and Fiduciary Fund Types.* Fixed assets for these funds are stated at cost or, for donated assets, at fair value at date of acquisition. Such assets are depreciated or amortized on a straight-line basis over the useful life of the assets. Estimated useful lives are as follows:

Buildings	40-50 years
Improvements (large)	20-50 years
Improvements (small)	3-10 years
Equipment	3-12 years

Depreciation on fixed assets acquired with resources externally restricted for that purpose is closed to contributed capital after being recognized in operations.

Depreciation reported on the Statement of Cash Flows exceeds that reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for the internal service funds because a portion of depreciation is included in the cost of goods sold.

### **General Long-Term Liabilities**

All unmatured long-term indebtedness not reported in a proprietary or fiduciary fund is accounted for in the General Long-Term Obligation Account Group. Included among these liabilities are the non-current portions of liabilities resulting from debt issuances, compensated absences, closure and postclosure care for landfills, workers compensation claims and arbitrage rebate requirements (see Note 7).

### **Deferred Costs**

In governmental fund types, bond discounts, premiums and issuance costs are recognized in the current period. In the proprietary funds, they are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method, which approximates the effective interest method. The deferred costs reported are primarily for bond issuance costs of the enterprise funds.

### **Deferred Compensation Plan**

The state offers a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan is available to all public employees in the state and is administered by the Minnesota State Retirement Association. The State Board of Investment (SBI) and two insurance companies manage investments. The portion of the plan where participants have selected investment options provided by the two insurance companies is excluded from the state's financial statements because the funds are not under the state's control. The portion of the plan where participants have selected investment options provided by SBI is accounted for in the State Deferred Compensation Fund, an expendable trust fund, with its investments reported at fair value.

Under this plan, compensation is deferred for income tax purposes in accordance with Section 457 and is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with state statute, effective July 1, 1997, contributions are held for the exclusive benefit of the participants and their beneficiaries. These amounts will be held in trust, in custodial accounts or in qualifying contracts as required by federal law. The state is not liable for any investment losses under the plan, but does have the duty of due care of a prudent investor where SBI manages the investments.

Effective July 1, 1999, this plan will be administered by Great West Life and Annuity.

### **Budgeting and Budgetary Control**

Minnesota operates on a two-year (biennial) budget cycle ending on June 30 of odd-numbered years. Appropriations in the biennial budget are usually for a single year; however, where specified, single year appropriations are available for either year of the biennium. The governor's budget for the biennium is developed by the Department of Finance and presented to the legislature for approval. Specific

appropriations are required for all expenditures from the General Fund and all special revenue funds except the Federal, Maximum Effort School Loan, Iron Range Resources and Rehabilitation, Petroleum Tank Cleanup and Miscellaneous Special Revenue funds. Some appropriations are "open appropriations" for entitlement type and some interfund transfer programs. In these cases, the amount that is needed to fulfill the obligation for the fiscal year is made available; i.e., there is no limit on the amount which can be expended for the program. Estimates of the amount needed for such programs are included in the budget forecast.

Budgetary control is essentially maintained at the departmental level except for certain programs where control is at the program level. In most departments, upon notifying the governor and legislative leadership, department heads are permitted to revise budgets by transferring amounts between programs in their departments.

It is standard practice for unencumbered appropriation balances to cancel to the fund at the end of the fiscal year. However, if specifically provided for in law, or if statutory authority is invoked by the agency, the unencumbered balance may be carried forward between fiscal years. The budget and the state accounting system are maintained essentially on a cash basis with the exception that, at year end, encumbered amounts are included in the expenditures of the year appropriated for budgetary reporting. The accounting system controls expenditures by appropriation line item as established in the legally adopted appropriation bills. There are no instances where expenditures exceed the authorized limits at the legal level of budgetary control. A separate report showing the detail of legal level of control and actual expenditures is available from the Department of Finance.

#### **Memorandum Only Totals Column**

The totals columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. The information in these columns does not present consolidated financial position, results of operations or cash flows.

## **2. CASH AND INVESTMENTS**

### **Cash and Cash Equivalents**

The majority of the primary government's cash is held in the state treasury and commingled in state bank accounts while the majority of component unit cash is in separate bank accounts. The cash in individual funds may be invested separately where permitted by statute, but cash in most funds is invested as part of an investment pool. A fund's investment with the primary government's cash pools is reported as a cash equivalent. Investment earnings of the primary government's pools are allocated to the individual funds where provided by statute; earnings for all other participants are credited to the General Fund. Investment earnings of certain non-expendable trust funds are assigned to expendable trust funds as required by statute.

The following table summarizes the state's cash and cash equivalents (in thousands), including amounts reported as restricted assets at December 31, 1998 or June 30, 1999, whichever is applicable. Cash with the U.S. Treasury is available for the cash demands of the Reemployment Insurance Fund (expendable trust fund).

<u>Carrying Amount</u>	<u>Primary Government</u>	<u>Component Units</u>
Cash in Bank	\$ 44,888	\$ 1,332
Cash on Hand and Imprest Cash	3,114	9,200
Cash with Fiscal Agent	4,379	-
Cash with U.S. Treasury	621,651	-
Cash Equivalents:		
Cash Management Investment Pools	9,953,937	94,340
Other	106,540	1,794,577
Total Cash and Cash Equivalents	<u>\$ 10,734,509</u>	<u>\$ 1,899,449</u>

## **Deposits**

At June 30, 1999, the primary government's bank balance was \$57,774,000. For component units at December 31, 1998 or June 30, 1999, whichever is applicable, the bank balances were \$16,961,000. These bank balances were adjusted by items in transit to arrive at the state's cash in bank balance. The bank balances were fully covered by federal depository insurance or collateral held by the state's agent in the state's name or held by the component unit in the component unit's name (lowest risk category). Minnesota Statutes, Section 9.031 requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amount and the fair value of the collateral.

## **Investments**

The majority of the state's investing is managed by the Minnesota State Board of Investment (MSBI). Minnesota Statutes, Section 11A.24 broadly restricts investments of the primary government to obligations and stocks of U.S. and Canadian governments, their agencies and their registered corporations, short-term obligations of specified high quality, restricted participation as a limited partner in venture capital, real estate, or resource equity investments and restricted participation in registered mutual funds. The state has invested in derivatives. The risks and exposure of these investments at June 30, 1999 cannot be determined.

The state statutes do not prohibit Minnesota from participating in securities lending transactions, and Minnesota has, by way of a Custodial Trust Agreement, authorized State Street Bank and Trust Company (State Street) to act as agent in lending the Minnesota's securities to broker-dealers and banks pursuant to a form of loan agreement.

During the fiscal year, State Street lent on behalf of Minnesota certain securities held by State Street as custodian and received cash (both United States and foreign currency) and securities issued or guaranteed by the United States government, sovereign debt of foreign countries and irrevocable bank letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities absent borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than one hundred percent (100%) of the fair value of the loaned securities.

Minnesota did not impose any restrictions during the fiscal year on the amount of the loans that State Street made on its behalf, and State Street indemnified Minnesota by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return a loaned security or pay distribution thereon. No borrower failed to return loaned securities or pay distributions thereon during the fiscal year. In addition, there were no losses during the fiscal year resulting from default of the borrowers or State Street.

During the fiscal year, Minnesota and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in the Minnesota State Board of Investments Fund, a separately managed vehicle. As of June 30, 1999, the investment pool had an average duration of 75 days and an average weighted maturity of 434 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 1999, Minnesota had no credit risk exposure to borrowers. The collateral held and the fair value of securities on loan for Minnesota as of June 30, 1999 were \$4,184,333,000 and \$4,066,935,000 respectively.

Primary Government - Investments at June 30, 1999  
(in thousands)

Investment Type	Fair Value
Repurchase Agreements	\$ 90,034
Commercial Paper	4,515,155
Short Term Corporate Notes	7,770
U.S. Treasury Obligations	2,027,433
Mortgaged Backed	5,480,441
Corporate Obligations	4,457,567
Foreign & Other Obligations	398,820
Corporate Stocks	27,858,803
Other Equity	2,039,419
Total Investments in Risk Category 1	\$ 46,875,442
Trustee Managed Pools (not categorized)	3,524,721
Total Investments	<u>\$ 50,400,163</u>

Component Units - Investments at June 30, 1999 or December 31, 1998  
(in thousands)

Investment Type	Risk Category			Fair Value
	1	2	3	
Repurchase Agreements	\$ 82,342	\$ -	\$ -	\$ 82,342
Commercial Paper	454,473	-	-	454,473
Short Term Corporate Notes	63,550	-	-	63,550
U.S. Treasury Obligations	695,431	-	84,041	779,472
Mortgaged Backed	461,523	-	-	461,523
Corporate Obligations	1,024,544	-	-	1,024,544
Municipal & Other Obligations	138,520	-	-	138,520
Corporate Stocks	689,479	-	-	689,479
Other Equity	77,245	-	-	77,245
Total Investments	<u>\$ 3,687,107</u>	<u>\$ -</u>	<u>\$84,041</u>	\$3,771,148
Trustee Managed Pool/ Mutual Funds (not categorized)	-	-	-	529,825
Total Investments	<u>\$ 3,687,107</u>	<u>\$ -</u>	<u>\$84,041</u>	<u>\$4,300,973</u>

Funds not invested by MSBI are primarily enterprise type funds. Investments for these funds must also conform to the above statute and may be further restricted by bond indentures.

The investment table above shows the state's risk category 1 and other investments, including cash equivalents, at their carrying and fair values. Risk category 1 includes securities which are insured or registered or are held by the state or its agent in the state's name. Investments in risk category 2 include uninsured and unregistered securities held by the counter party's trust department or agent in the component unit's name. Neither the primary government nor the component units have investments in risk category 2. Investments in risk category 3 include uninsured and unregistered securities held by the counter party or by its trust department or agent, but not in the component unit's name. The primary government has no investments in risk category 3.

### 3. CAMBRIDGE BANK LITIGATION FUNDS

Revenue bonds were issued to satisfy the claims and judgments resulting from litigation. The Cambridge Litigation Revenue Fund, the Cambridge Litigation Revenue Bond Fund and the Cambridge Litigation Revenue Bond Debt Service Fund are used to record revenues, bond proceeds, claims and judgments and debt service payments. These funds are presented as part of the General Fund and the Debt Service Fund (governmental funds).

The General Fund, as presented herein, includes the Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund, which were established and maintained in the state treasury and on the state's books and records as a separate Special Revenue Fund, pursuant to Minnesota Statutes, Section 16A.67. The Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund were established by the Commissioner of Finance's order dated May 1, 1996, which was entitled "Order of the Minnesota Commissioner of Finance for Issuance and Sale of \$200,000,000 State Revenue Bonds, Series 1996A" (the "Order") and are required to be maintained until the State Revenue Bonds, Series 1996A, and any other revenue bonds hereafter issued and made payable from the Cambridge Litigation Revenue Bond Fund (the "Revenue Bonds") are paid or discharged in accordance with the Order. The Cambridge Litigation Revenue Fund is used to record receipts of certain non-tax revenues (comprising departmental earnings, medical payments and non-dedicated lottery revenues, all as defined in the Order), revenue bond proceeds and investment earnings, and the disbursement of revenue bond proceeds to pay costs of a judgment against the state and related claims described below, and the transfer of revenues and investment earnings first to the Cambridge Litigation Revenue Bond Debt Service Fund to pay debt service on the revenue bonds, and second to the General Fund to pay costs of state government.

The terms, departmental earnings, medical payments and non-dedicated lottery revenues are defined in the Order substantially as follows:

- *Departmental Earnings* are certain license fees, service fees and other charges imposed by or pursuant to the state law, which are collected from the general public and regulated businesses and professions. The use of these fees is not otherwise restricted by federal law and is not determined to constitute a tax of statewide application on any class of property, income, transaction or privilege. In addition, these fees, penalties and interest may not be dedicated to another fund.
- *Medical Payments* means all amounts paid to the state by non-state resources for payment of, or as reimbursement for payment by the state from its General Fund of, costs incurred for the care and treatment of mentally ill and developmentally disabled persons at regional treatment centers.
- *Non-dedicated Lottery Revenues* means all lottery net income not dedicated and required by the State Constitution, Article XI, Section 14 to be transferred to the Environment and Natural Resources Trust Fund (expendable trust fund).

For the fiscal year ended June 30, 1999, the funding received by and transferred from the Cambridge Litigation Revenue Fund, including revenues, investment earnings and the moneys received by and disbursed from the Cambridge Litigation Revenue Bond Fund, were as follows (in thousands):

Cambridge Litigation Revenue Fund and  
Cambridge Litigation Revenue Bond Fund

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Net Revenues:	
License and Fees	\$ 99,532
Care & Hospitalization	75,815
Department Services	36,423
Penalties & Fines	5,165
Investment/Interest Income	<u>472</u>
Net Revenues	\$ 217,407
Other Financing Sources (Uses):	
Operating Transfers	\$ 31,697
Transfers to Debt Service and General Fund	<u>(241,546)</u>
Net Other Financing Sources (Uses)	\$ (209,849)
Excess of Revenues and Other Sources	
Over (Under) Expenditures and Other Uses	<u>\$ 7,558</u>

The 1997 legislature appropriated \$16,600,000 from the General Fund to pay any additional claims. The total remaining claims are estimated to be \$4,000,000 for the General Fund as of June 30, 1999. No additional claims are expected to be paid from the Cambridge Litigation Revenue Bond Fund. The principal and interest on claims paid during fiscal year 1999 totaled \$2,196,000 and \$2,704,000 respectively.

The Cambridge Litigation Revenue Fund and the Cambridge Litigation Revenue Bond Fund, while maintained and administered as separate funds on the official books and records of the state as covenanted and agreed in the Order, have been presented as part of the General Fund for financial reporting purposes for the following reasons. First, the purpose for which the revenue bonds were issued is to fund a portion of the judgment entered against the state in Cambridge State Bank vs. James, 514 N.W.2d 565 (Minn. 1994) and related claims, wherein the Minnesota Supreme Court held that certain banks were entitled to a refund of taxes paid on income from federal obligations. The judgment and related claims are obligations of the General Fund and have been recorded as an accrued liability in the General Long-Term Obligation Account Group. Second, the revenues appropriated to the Cambridge Litigation Revenue Fund, prior to the establishment of the Cambridge Litigation Revenue Fund, have been revenues of the General Fund. Third, revenues appropriated to the Cambridge Litigation Revenue Fund, which are not required to be transferred to the Cambridge Litigation Revenue Bond Debt Service Fund to pay debt service on the Revenue Bonds, are required to be and have been transferred to the General Fund, and once so transferred, are available only for General Fund purposes.



#### 4. INTERFUND ACTIVITY

##### Primary Government

Interfund receivables and payables at June 30, 1999 of the primary government, including current portion of interfund advances, are summarized as follows (in thousands):

Primary Government					
Fund	Receivables	Payables	Fund	Receivables	Payables
General Fund:	\$ 83,320	\$ 44,145	Fiduciary Funds:		
Special Revenue Funds:			Pension Trust Funds:		
Trunk Highway	\$ 37,365	\$ -	Defined Benefit Pension Funds:		
Highway User Tax Distribution	-	65,106	Public Employees Retirement	\$ 1,027	\$ 27
Federal	12,975	27,273	Police and Fire	36	738
Maximum Effort School Loan	-	2,189	Police and Fire Consolidation	1	232
Natural Resources	3,170	-	State Employees Retirement	1,083	373
Health Care Access	-	7,300	State Patrol Retirement	-	64
Solid Waste	-	10,752	Correctional Employees Retirement	308	148
Miscellaneous Special Revenue	15,263	4,816	Judicial Retirement	-	31
Total Special Revenue Funds	\$ 68,773	\$ 117,436	Elective State Officers	203	1
Capital Projects Funds:			Legislative Retirement	7,064	38
General Projects	\$ -	\$ 18,620	Defined Contribution Fund:		
Transportation	-	16	Unclassified Employees Retirement	84	125
Building	-	2,913	Public Employees Retirement	-	67
Total Capital Projects Funds	\$ -	\$ 21,549	Nonexpendable Trust Funds:		
Debt Service Fund:	\$ 16,727	\$ -	Permanent School	-	9,040
Enterprise Funds:			Environment & Natural Resources	4,789	1,958
College & University Enterprise Act.	\$ 60	\$ -	Expendable Trust Funds:		
State Operated Community Services	4,230	-	Municipal State-Aid Street	6,946	-
State Lottery	-	14,551	County State-Aid Highway	23,655	-
State College & Universities Revenue	740	-	Endowment School	4,410	-
Private Employers Insurance	-	-	Endowment	99	40
Enterprise Activities	28	-	Environment & Natural Resources	1,958	63
Total Enterprise Funds	\$ 5,058	\$ 14,551	Reemployment Insurance	-	9,613
Internal Service Funds:			State Deferred Compensation	-	695
State Printer	\$ 28	\$ -	Agency Funds:		
Central Motor Pool	-	640	Miscellaneous Agency	3,293	7,232
Central Services	-	56	Total Fiduciary Funds	\$ 54,956	\$ 30,485
Total Internal Service Funds	\$ 28	\$ 696	Total Primary Government	\$ 228,862	\$ 228,862

The noncurrent portion of interfund advances for the primary government at June 30, 1999 are summarized as follows (in thousands):

	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 3,100	\$ -
Special Revenue Funds:		
Health Care Access	740	-
Internal Service Funds:		
Central Motor Pool	-	3,100
Enterprise Funds:		
Private Employers Insurance	-	740
Total All Funds	<u>\$ 3,840</u>	<u>\$ 3,840</u>

During the year ended June 30, 1999, the advance from the Health Care Access Fund (special revenue fund) to the Private Employers Insurance Fund (enterprise fund) was written down by \$150,000 to \$740,000. The Private Employers Insurance Fund is discontinuing the full operation of the Minnesota Employees Insurance Program, which provides the income for the fund.

### Component Units

Interfund receivables and payables at June 30, 1999 within component units and between the primary government and component units are summarized as follows (in thousands):

	Component Units	
Fund	Receivables	Payables
Governmental Funds:		
Metropolitan Council	\$ 12,372	\$ 26,358
Proprietary Funds:		
Metropolitan Council-Unrestricted	934	8,192
Metropolitan Council-Restricted	21,244	-
Totals	<u>\$ 34,550</u>	<u>\$ 34,550</u>

	Primary Government and Component Units	
Fund	Due from Primary Government	Due to Primary Government
Component Units		
Governmental Funds:		
Public Facilities Authority	\$ 20,500	\$ -
Proprietary Funds:		
Workers' Compensation Assigned Risk Plan	-	4,757
College and University Funds:		
University of Minnesota	128,331	45,685
Total Component Units	<u>\$ 148,831</u>	<u>\$ 50,442</u>
Primary Government		
Governmental Funds:		
General Fund	\$ -	\$ 127,562
Health Care Access	-	769
Building Fund	-	20,500
Total Primary Government	<u>\$ -</u>	<u>\$ 148,831</u>
Total	<u>\$ 148,831</u>	<u>\$ 199,273</u>

Due to primary government exceeds the due from component units by \$50,442,000. An amount of \$45,685,000 is because of the University of Minnesota's unmatured long-term debt being included in the Long-Term Debt Account Group, which the state cannot recognize as a receivable. The remaining difference of \$4,757,000 results from the Workers' Compensation Assigned Risk Plan having a different fiscal year end than the primary government.

Transfers-out to component units exceeds transfers-in from primary government by \$27,929,000. Of this amount, \$4,561,000, \$4,158,000, \$13,173,000 and \$6,037,000 were reported as transfers-out to component units in the General Fund, Trunk Highway Fund (special revenue fund), General Project Fund and Building Fund (capital project funds), respectively. The \$27,929,000 was recorded as contributed capital in the Public Facilities Authority Fund (proprietary fund type).

Residual equity transfers-out exceed similar transfers-in by \$21,060,000 because of differing reporting focuses for proprietary and governmental fund types. These residual equity transfers from governmental fund types are reported as part of the increase to contributed capital in the proprietary funds.

## 5. LOANS, NOTES AND FINANCING LEASES RECEIVABLE

Loans, notes and financing leases receivable, net of allowances for possible losses, as of June 30, 1999, consisted of the following (in thousands):

	General	Special Revenue	Capital Projects	Enterprise	Fiduciary
Student Loan Program	\$ 180	\$ -	\$ -	\$ 34,803	\$ -
Economic Development	337	19,301	36,395	-	22,850
School Districts	-	14,221	-	-	-
Energy	-	3,411	9,959	-	-
Agricultural	4,721	25,493	1,756	-	-
Transportation	-	21,387	-	-	-
Resources	2,248	7,475	68	-	-
Other	-	1,269	20	-	-
Total	<u>\$ 7,486</u>	<u>\$ 92,557</u>	<u>\$ 48,198</u>	<u>\$ 34,803</u>	<u>\$ 22,850</u>

	Component Units	
	Non-restricted	Restricted
Metropolitan Council (Governmental)	\$ 15,461	\$ -
Agricultural and Economic Development Board	31,542	-
Rural Finance Authority	50,335	-
Housing Finance Authority	1,730,678	-
Higher Education Services Office (Proprietary)	217,414	-
University of Minnesota	63,190	-
Public Facilities Authority (Proprietary)	-	560,166
Total	<u>\$ 2,108,620</u>	<u>\$ 560,166</u>

## 6. FIXED ASSETS

### Primary Government

#### Summary of Changes in General Fixed Assets (in thousands)

	Beginning Balances	Additions	Deductions	Completed Construction	Other Adjustments	Ending Balances
Land	\$ 306,186	\$ 15,303	\$ 103	\$ -	\$ 972	\$ 322,358
Buildings	1,931,550	10	1,695	174,860	(3,228)	2,101,497
Equipment	443,187	42,056	86,984	-	61,282	459,541
Construction in Progress	215,086	155,662	-	(174,860)	33,309	229,197
Total	<u>\$ 2,896,009</u>	<u>\$ 213,031</u>	<u>\$ 88,782</u>	<u>\$ -</u>	<u>\$ 92,335</u>	<u>\$ 3,112,593</u>

Governmental and expendable trust funds' capital outlay expenditures totaled \$639,999,000 for fiscal year 1999. Of this amount, \$440,244,000 was for infrastructure fixed assets, which are not included in general fixed assets. Donations of general fixed assets received during fiscal year 1999 are valued at \$13,276,000.

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1999 consisted of equipment costing \$77,266,000 and buildings costing \$1,781,000.

Authorizations and commitments as of June 30, 1999 for the largest construction in progress projects consisted of the following (in thousands):

	Administration Projects	Educational Buildings	Iron Range Resources	Military Affairs	Corrections Facilities	Human Services
Authorization	\$ 74,875	\$ 138,525	\$ 2,074	\$ 3,319	\$ 4,725	\$ 49,822
Expended through June 30, 1999	74,742	71,361	950	988	4,115	45,231
Unexpended Commitment	-	12	-	-	-	-
Available Authorization	<u>\$ 133</u>	<u>\$ 67,152</u>	<u>\$ 1,124</u>	<u>\$ 2,331</u>	<u>\$ 610</u>	<u>\$ 4,591</u>

Commitments are reserved in the fund balance for either encumbrances or long-term commitments.

Proprietary and fiduciary fund type fixed assets consisted of the following as of June 30, 1999 (in thousands):

	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Combined Totals
Land	\$ 788	\$ -	\$ 15,404	\$ 16,192
Buildings	112,481	-	-	112,481
Land and Building Improvements	54,279	6,610	-	60,889
Equipment	28,045	100,821	3,272	132,138
Total	<u>\$ 195,593</u>	<u>\$ 107,431</u>	<u>\$ 18,676</u>	<u>\$ 321,700</u>
Less: Accumulated Depreciation	<u>104,484</u>	<u>72,998</u>	<u>975</u>	<u>178,457</u>
Net Total	<u>\$ 91,109</u>	<u>\$ 34,433</u>	<u>\$ 17,701</u>	<u>\$ 143,243</u>

Land in the Permanent School Fund (nonexpendable trust fund) totaling 2,509,227 acres were donated by the federal government and was valued at the estimated fair value at the time of donation.

## Component Units

Component Unit fixed assets consisted of the following as of the end of their respective fiscal year (in thousands):

	Governmental Type			Proprietary Type				College and University Type		Combined Totals
	Metropolitan Council	Minnesota Technology Incorporated	Higher Education Services Office	Housing Finance Agency	Public Facilities Authority	Metropolitan Council	National Sports Center Foundation	Higher Education Services Office	University of Minnesota	
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,996	\$ 174	\$ -	\$ 33,754	\$ 60,924
Buildings and Improvements	-	-	-	-	-	1,493,976	278	-	1,704,141	3,198,395
Equipment	13,909	2,518	757	2,410	2	306,972	411	193	563,508	890,680
Other Fixed Assets	-	-	-	-	-	-	-	-	158,505	158,505
Total	\$ 13,909	\$ 2,518	\$ 757	\$ 2,410	\$ 2	\$ 1,827,944	\$ 863	\$ 193	\$ 2,459,908	\$ 4,308,504
Less: Accumulated Depreciation	-	2,047	490	1,380	-	671,487	342	112	1,191,235	1,867,093
Total	\$ 13,909	\$ 471	\$ 267	\$ 1,030	\$ 2	\$ 1,156,457	\$ 521	\$ 81	\$ 1,268,673	\$ 2,441,411

## 7. GENERAL LONG-TERM OBLIGATIONS

### Primary Government

A summary of general long-term obligations at June 30, 1999 and the changes during fiscal year 1999 are as follows (in thousands):

	Beginning Balances	Increases	Decreases	Ending Balances
Liabilities for:				
General Obligation Bonds	\$ 2,506,939	\$ 299,700	\$ 422,444	\$ 2,384,195
Loans	15,723	-	5,241	10,482
Revenue Bonds	132,825	-	24,260	108,565
Claims	385,790	102,533	196,278	292,045
Compensated Absences	254,774	10,289	-	265,063
Workers Compensation	113,732	15,164	12,761	116,135
Capital Leases	18,313	6,954	6,172	19,095
Arbitrage Liabilities	840	-	10	830
Totals	\$ 3,428,936	\$ 434,640	\$ 667,166	\$ 3,196,410

The resources to repay the various general long-term obligations have been or will be provided from the fund types as follows (in thousands):

	General Fund	Special Revenue Funds	Total
Liabilities for:			
General Obligation Bonds	\$ 2,264,243	\$ 119,952	\$ 2,384,195
Loans	-	10,482	10,482
Revenue bonds	104,660	3,905	108,565
Claims	110,656	181,389	292,045
Compensated Absences	163,501	101,562	265,063
Workers Compensation	95,464	20,671	116,135
Capital Leases	10,304	8,791	19,095
Arbitrage Liabilities	830	-	830
Totals	\$ 2,749,658	\$ 446,752	\$ 3,196,410

Principal and interest payment schedules (in thousands) are provided in the following table for general obligation bonds, revenue bonds, loans, capital leases and arbitrage. There are no payment schedules for claims, compensated absences or workers compensation.

Fiscal Year	General Obligation Bonds	Loans	Revenue Bonds	Capital Leases	Arbitrage	Totals
2000	\$ 332,511	\$ 5,241	\$ 56,084	\$ 7,644	\$ 347	\$ 401,827
2001	307,547	5,241	55,960	6,479	483	375,710
2002	283,727	-	884	4,391	-	289,002
2003	270,579	-	883	2,084	-	273,546
2004	245,584	-	880	150	-	246,614
Thereafter	1,853,311	-	4,102	-	-	1,857,413
Total Payments	\$ 3,293,259	\$ 10,482	\$ 118,793	\$ 20,748	\$ 830	\$ 3,444,112
Interest	909,064	-	10,228	1,653	-	920,945
Total Principal	<u>\$ 2,384,195</u>	<u>\$ 10,482</u>	<u>\$ 108,565</u>	<u>\$ 19,095</u>	<u>\$ 830</u>	<u>\$ 2,523,167</u>

Minnesota Statutes, Section 16A.641 provides for an annual appropriation for transfer to the Debt Service Fund. The amount of the appropriation is to be such that, when combined with the balance on hand in the Debt Service Fund on December 1 of each year for state bonds, it will be sufficient to pay all general obligation bond principal and interest due and to become due through July 1 in the second ensuing year. If the amount appropriated is insufficient when combined with the balance on hand in the Debt Service Fund, the state constitution requires the state auditor to levy a statewide property tax to cover the deficiency. No such property tax has been levied since 1969 when the law was enacted requiring the appropriation.

In fiscal year 1999, the Department of Finance made the necessary transfers (in thousands) to the Debt Service Fund as follows:

General Fund	\$ 321,060
Special Revenue Funds:	
Trunk Highway Fund	\$ 5,149
Natural Resources Fund	81
Maximum Effort School Loan Fund	1,294
Miscellaneous Special Revenue Fund	151
Total Special Revenue Funds	\$ 6,675
Capital Projects Funds:	
Building Fund	\$ 6,296
Transportation	4
Total Capital Projects Funds	\$ 6,300
Component Units:	
Rural Finance Authority	\$ 8,651
University of Minnesota	5,647
Total Component Units	\$ 14,298
Total Operating Transfers to Debt Service Fund	<u>\$ 348,333</u>

The amount shown in the Debt Service Fund as reserved for debt requirements differs from that shown in the General Long-Term Obligation Account Group as Amount Available in Debt Service Fund because the Debt Service Fund amount includes amounts for both principal and interest on general obligation bonds while the General Long-Term Obligation Account Group includes only the amount for bond principal.

## General Obligation Bond Issues

On November 1, 1998, \$299,700,000 in general obligation state various purpose and state refunding bonds were issued at a true interest rate of 4.41 percent. During fiscal year 1999, \$422,444,000 in general obligation bonds principal was repaid.

The entire refunding bond proceeds of \$99,700,000 (net of \$103,000 and an additional \$3,392,000 from existing funds in the Debt Service Fund) have been placed in special escrow accounts and invested in government securities. These investments have been certified to be sufficient to pay all principal and interest on the bonds when due. Accordingly, the original refunded bonds have been eliminated, and the new advance refunding bonds have been added to the General Long-Term Obligation Account Group.

The balance outstanding for all extinguished debt at June 30, 1999 was \$481,600,000, which is shown below (in thousands). The state remains contingently liable to pay the refunded general obligation bonds.

### Outstanding Defeased Debt

Refunding Date	Refunding Amount	Refunded Amount	Outstanding Amount	Refunded Bond Call Date
May 1, 1993	\$ 292,260	\$ 273,190	\$ 207,950	August 1, 2000
August 1, 1993	146,995	133,770	95,900	August 1, 2001
November 1, 1993	91,720	81,650	81,650	August 1, 2002
November 1, 1998	99,700	96,100	96,100	October 1, 2004
Total	<u>\$ 630,675</u>	<u>\$ 584,710</u>	<u>\$ 481,600</u>	

The most recent refunding transactions will save the state aggregate debt service payments of approximately \$4.1 million and will result in an economic gain or present value savings of approximately \$3.4 million over the life of the refunded bonds.

A schedule of general obligation bonds authorized, but unissued and bonds outstanding at June 30, 1999 is provided in the table below (in thousands). This schedule includes general obligation bonds that were sold for the State Operated Community Services Fund, which is presented as an enterprise fund.

Purpose	Authorized But Unissued	Amount Outstanding	Interest Rates Range - %
State Building	\$ 742,076	\$ 1,228,434	3.75 - 7.56
State Operated Community Services	2,845	4,790	3.75 - 7.56
State Transportation	48,260	65,610	4.69 - 7.56
Waste Management	3,680	4,865	5.00 - 7.56
Water Pollution Control	7	98,126	4.58 - 7.56
Maximum Effort School Loan	1,192	93,275	5.00 - 7.56
Reinvest in Minnesota	525	15,340	5.00 - 6.90
Rural Finance Administration	8,500	67,965	5.00 - 6.98
Refunding Bonds	-	707,348	3.97 - 6.95
Exchange Bonds	-	6,289	0.05
Municipal Energy Building	970	8,915	5.00 - 7.56
Game and Fish Building	-	138	5.33 - 6.95
Trunk Highway	-	17,675	3.75 - 6.95
Airport Facilities	81,275	44,125	4.40 - 7.95
Landfill	60,100	26,090	4.54 - 5.76
Totals	<u>\$ 949,430</u>	<u>\$ 2,388,985</u>	

## Revenue Bonds Payable

Revenue bonds payable of \$104,660,000 as reported in the General Long-Term Obligation Account Group are special obligations of the state and are for airport facilities secured by St. Louis County. The remaining \$3,905,000 bonds payable are special obligations of the state for the financing of the Giants Ridge recreational area.

## Loans

Loans payable are the result of loans from local governments to the state for the financing of highway construction projects. This financing provides advance funding of the state and federal share of these projects. Loan repayment without interest begins after completion of the related project.

## Claims

Municipal solid waste landfills liability totaling \$239,734,000 for closure and postclosure care are reported for the landfill cleanup program payable from the Solid Waste Fund (special revenue fund) and the General Fund.

Additional claims of \$52,311,000 are for workers' compensation claims of employees of uninsured and bankrupt firms. These claims are funded by an assessment on insurers and are payable from the Special Compensation Fund (special revenue fund).

## Compensated Absences

The liability for compensated absences for governmental funds totaling \$265,063,000 is primarily for vacation leave and for vested sick leave, which are payable as severance pay under specific conditions. Both amounts are paid only at the time of termination from state employment. This obligation will be liquidated using future resources at unspecified times.

## Workers' Compensation

The liability for workers' compensation reported is based on claims filed for injuries to state employees occurring prior to June 30, 1999 and is an undiscounted estimate of future payments. The liability will be liquidated using future resources at unspecified times.

## Leases

Capital leases payable are for those leases which meet the criteria in GASB Statement 1, "Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide". See Note 8 for the minimum future payments under operating leases.

## Arbitrage Liabilities

The arbitrage rebate payable to the federal government of \$830,000 is required by the Tax Reform Act of 1986 and the U.S. Treasury regulations and penalties. It is the estimate of the excess earnings on tax-exempt bond proceeds and debt service reserves. Interest earnings on bond proceeds are used primarily for debt service payments. The arbitrage rebate will be paid through an appropriation from the General Fund. There is no reservation of assets for this liability.

## Component Units

The Metropolitan Council (MC, governmental fund type) issues general obligation bonds for parks, solid waste, sewers and transportation, backed by MC's full faith and credit and taxing powers. MC had \$133,060,000 in general obligation bonds outstanding on December 31, 1998.



The Agricultural and Economic Development Board (AEDB) issues revenue bonds for agricultural and economic projects.

The following is a debt repayment schedule for MC and AEDB.

Long-Term Debt Repayment Schedule  
Component Units - Government Funds  
(in thousands)

Year Ending December 31	General Obligation Bonds MC	Year Ending June 30	Revenue Bonds AEDB
	Amount		Amount
1999	\$ 37,031	2000	\$ 4,947
2000	26,058	2001	4,771
2001	18,384	2002	4,743
2002	15,704	2003	4,776
2003	11,391	2004	5,006
Thereafter	51,512	Thereafter	34,793
Total	\$ 160,080		\$ 59,036
Interest	27,020		19,879
Bond Principal	<u>\$ 133,060</u>		<u>\$ 39,157</u>

## 8. LEASE AGREEMENTS

### Operating Leases

The state and its component units are committed under various leases primarily for building and office space. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 1999 totaled approximately \$64,905,000 and \$10,448,000 for the primary government and component units, respectively. Lease expenditures for the year ended December 31, 1998 totaled approximately \$2,248,000 for component units. Future minimum lease payments for existing lease agreements are as follows (in thousands):

Primary Government		Component Units			
Year Ending June 30	Amount	Year Ending June 30	Amount	Year Ending December 31	Amount
2000	\$ 61,204	2000	\$ 6,099	1999	\$1,729
2001	54,747	2001	5,508	2000	1,508
2002	48,540	2002	5,288	2001	1,340
2003	38,795	2003	4,935	2002	1,225
2004	26,854	2004	4,982	2003	1,184
Thereafter	1,995	Thereafter	41,476	Thereafter	2,530
Total	<u>\$232,135</u>	Total	<u>\$68,288</u>	Total	<u>\$9,516</u>

### Capital Leases

The state and its component units have entered into several capital lease agreements to purchase equipment. The leases meet the criteria of a capital lease as defined by "Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"" which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The terms of each agreement provide options to purchase the equipment at any time during the lease period.

In the governmental funds, equipment purchased through capital lease agreements is included with the general fixed assets. The state's liability for these capital leases is included in general long-term obligations (see Note 7).

## 9. LONG-TERM OBLIGATIONS - PROPRIETARY FUNDS

### **Revenue and General Obligation Bonds**

#### **Primary Government**

The enterprise funds listed below have the authority to issue, and have issued, revenue bonds which are not general obligations of the state, but are payable solely from rentals, revenues and other income, charges and monies as were pledged for repayment. Premiums and discounts on revenue bonds are amortized using the interest method over the life of the bonds to which they relate.

The State Colleges and Universities Revenue (SCU) is authorized by Minnesota Statutes, Section 136F.98 to issue revenue bonds in the principal amount of \$40,000,000 to finance the acquisition, construction and remodeling of college buildings for dormitory, residence hall, student union and food service purposes.

The Minnesota State Colleges and Universities (MnSCU), which is included in the College and Universities Enterprise Activities (CUEA), financed the construction of a dormitory and a modular housing project through the Higher Education Facilities Authority. The \$1,625,000 debt for these two projects is reported by MnSCU in CUEA.

In addition, the State Operated Community Services (SOCS) has been appropriated money to provide group residential housing for individuals with developmental disabilities. The state has issued general obligation bonds to finance these projects. The debt service costs on the bonds sold to finance these projects must be paid in accordance with Minnesota Statutes, Section 16A.643 from the group residential housing fees charged.

#### **Component Units (proprietary funds)**

The Housing Finance Agency (HFA) is authorized by Minnesota Statutes, Section 462A.21-.22 to issue bonds and notes for the purpose of providing funds for rehabilitation, construction and mortgage loans, or for refunding bonds to sponsors of residential housing for families of low and moderate income. The amount outstanding on these bonds at any time shall not exceed \$2,400,000,000, according to Minnesota Statutes, Section 462A.22.

The Public Facilities Authority (PFA) is authorized by Minnesota Statutes, Section 446A.072 to issue revenue bonds for the purpose of making loans to municipalities for wastewater treatment facilities. The amount outstanding on these bonds at any time shall not exceed \$850,000,000, according to Minnesota Statutes, Section 446A.12.

The Higher Education Services Office (HESO) is authorized by Minnesota Statutes, Sections 136A.171-.175 to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post-secondary educational institutions. The amount outstanding on these bonds at any one time, not including refunded bonds or otherwise defeased or discharged bonds, may not exceed \$550,000,000, according to Minnesota Statutes, Section 136A.171.

The University of Minnesota (U of M) issues revenue bonds and general obligation bonds for capital projects.

The Metropolitan Council (MC) issues environmental services general obligation bonds backed by MC in full faith and credit and taxing powers.

Primary Government

Long-Term Debt Repayment Schedule  
Proprietary Funds - June 30, 1999  
(in thousands)

Fiscal Year(s)	Revenue Bonds		General Obligation Bonds
	SCU	CUEA	SOCS
2000	\$ 2,407	\$ 105	\$ 415
2001	2,422	110	415
2002	2,409	120	415
2003	2,419	130	415
2004	2,429	140	415
Thereafter	40,777	1,020	5,289
	\$ 52,863	\$ 1,625	\$ 7,364
Interest	(24,808)	-	(2,574)
Bond Principal	<u>\$ 28,055</u>	<u>\$ 1,625</u>	<u>\$ 4,790</u>

Component Units

Long-Term Debt Repayment Schedule  
Component Units - June 30, 1999  
(in thousands)

Fiscal Year(s)	Revenue Bonds				General Obligation Bonds	
	HFA	PFA	HESO	U of M	MC*	U of M
1999	\$ -	\$ -	\$ -	\$ -	\$ 101,841	\$ -
2000	313,143	53,719	2,671	1,458	92,748	22,866
2001	313,602	55,549	2,671	1,437	59,892	22,866
2002	144,265	56,872	2,671	1,411	56,384	36,474
2003	145,052	55,932	2,671	1,397	53,089	37,102
2004	141,749	53,361	2,671	1,407	51,876	116,228
Thereafter	2,893,333	553,645	116,470	12,192	42,482	518,780
	\$ 3,951,144	\$ 829,078	\$ 129,825	\$ 19,302	\$ 458,312	\$ 754,316
Unamortized (Discount)/Premium	-	3,730	392	-	(2,049)	-
Interest	(1,869,439)	(276,248)	(61,717)	(6,377)	(194,227)	(278,800)
Bond Principal	<u>\$ 2,081,705</u>	<u>\$ 556,560</u>	<u>\$ 68,500</u>	<u>\$ 12,925</u>	<u>\$ 262,036</u>	<u>\$ 475,516</u>

\*MC fiscal year ends December 31, 1998

**Bond Defeasances**

Primary Government

For proprietary fund debt that was defeased in prior years through in-substance defeasances, the outstanding defeased amount as of June 30, 1999 for SCU is \$11,612,000. SCU remains contingently liable to pay this defeased debt.

Component Units

Public Facilities Authority (proprietary fund type) had \$105,617,000 various refunding series bonds that were defeased and not reflected in the financial statements as of June 30, 1999.

## 10. LONG-TERM COMMITMENTS

Long-term commitments consist of grant agreements, construction and other contracts. These commitments will be partially funded by current reserves for long-term commitments with the remaining resources provided by future bond proceeds, mining tax revenues and federal grants. Long-term commitments as of June 30, 1999 were as follows (in thousands):

Special Revenue Fund:	
Trunk Highway Fund	\$ 448,666
Capital Projects Funds:	
General Project Fund	159,354
Transportation Fund	19,078
Building Fund	<u>275,080</u>
Total Primary Government	<u>\$ 902,178</u>
Component Unit:	
University of Minnesota	<u>\$ 412,121</u>

## 11. CONTINGENT LIABILITIES – LITIGATION

- 1) Payment of tort claims against the state is made from funds appropriated by the Minnesota Legislature to agencies for their general operations to the extent such funds are available without unduly hindering the operation of the agency, from appropriations of dedicated receipts if practicable or from funds appropriated for the payment of tort claims. The tort claims appropriations for fiscal years ending June 30, 2000 and June 30, 2001 were \$875,000 for each year. The maximum limits of liability for tort claims are \$300,000 for any one claim and \$750,000 for any number of claims arising out of a single occurrence. The limit on liability for a single occurrence rises to \$1,000,000 on January 1, 2000.
- 2) Lawsuits based on non-tort theories furnish another basis for potential liability. The following cases, or categories of cases, in which the state, its officers or employees, are defendants have been noted because an adverse decision in each case or category of case could result in an expenditure of state moneys of over \$10,000,000 in excess of current levels.
  - a. At any one time, there are hundreds of Department of Transportation eminent domain actions being litigated in district courts throughout the state. There is a continuous flow of such cases, with the actual number depending on many factors such as the number of parcels of land that can be acquired by direct purchase, the construction needs of the Department and revenues available for highway projects. In the aggregate, the potential cost to the state for property which has been or will be acquired exceeds \$10 million. Liability arising out of decisions unfavorable to the state may impact the state's trunk highway fund.
  - b. At any one time, there are claims and cases pending against various state agencies, including but not limited to, the Departments of Administration and Transportation and the Minnesota State Colleges and Universities, and other state agencies which may be potentially responsible parties for clean-up of hazardous and other contaminated waste sites under federal and state superfund and other environmental laws. In the aggregate, it is possible that the potential liability of the state for such claims may exceed \$10 million because all parties are jointly and severally liable under federal and state superfund laws. Liability out of decisions unfavorable to the state may impact the trunk highway fund for claims against the Department of Transportation and the state's General Fund for claims against other state agencies.
  - c. *Jesse Lee Brown and Ronald Bergeron v. State of Minnesota*. Hennepin County District Court. Plaintiffs are Medicaid and GAMC recipients who suffered tobacco-related illnesses during the period of January 1, 1978 and December 31, 1996. Plaintiffs claim rights to a share of the settlement proceeds in *State of Minnesota, et al. v. Philip Morris Incorporated, et al.* Plaintiffs have claimed that they are entitled to the difference between the amount of the tobacco trial

settlement and the amount of moneys expended to treat smoking-related illnesses, but not less than one-third of the end recovery. This would amount to between \$2.05 billion and \$4.86 billion. The State has moved to dismiss the case for failure to state a claim upon which relief could be granted, and to sanction the attorneys for bringing a frivolous suit. The District Court granted the State's motion to dismiss on December 15, 1998. Plaintiffs have appealed the District Court's dismissal to the Court of Appeals.

- d. *Eveleth Taconite Company and Eveleth Mines LLC v. Commissioner*. Tax Court. The taxpayers in this and four other such cases contend that a 1994 recodification of a 1993 provision allowing a specific exemption for replacement equipment purchased by the taconite industry, without regard to the expansion of a facility (at a time when replacement equipment was otherwise fully taxable), rendered their repair and replacement parts exempt as well. The Commissioner determined that parts purchased by the taconite industry were subject a specific reduced rate rather than a complete exemption. The Tax Court ruled that the repair and replacement parts were exempt as capital equipment and that the Commissioner must pay refunds in this case. The Commissioner did not appeal the Tax Court's decision. The aggregate amount of refunds in all of these cases, as well as in administrative claims and appeals pending before the Commissioner, is estimated to approximate \$21 million dollars.
- e. *Minneapolis Branch of the NAACP v. State of Minnesota and Xiong v. State*. Hennepin County District Court. In September 1995, the Minnesota Branch of the NAACP and several Minneapolis school children and their parents brought suit in State Court against the State of Minnesota, the Governor, the Treasurer, the Auditor, the Attorney General, the Legislature, various legislators, the State Department of Children, Families and Learning and several of its officials, the State Board of Education and its members, and the Metropolitan Council, claiming that the segregation of minority and poor students in the Minneapolis public schools has deprived the students of an adequate education in violation of the Minnesota Constitution. The plaintiffs also claim that the unequal education received by Minneapolis students relative to students in suburban schools violates the Minneapolis students' right to equal protection under the Minnesota Constitution. The Metropolitan Council is no longer a defendant in the plaintiffs' state court action. The suit, which is being brought as a class action, seeks a declaratory judgment that the defendants have violated the law, an injunction requiring them to obey the law and to provide the students an adequate and desegregated education, and an award of attorney fees. It is impossible at this point to estimate the State's exposure in this case especially since the plaintiffs have not articulated the precise relief they are seeking. While the complaint does not request monetary damages, it does request injunctive relief that could force the State to spend a substantial sum of money for additional funding of various items for the Minneapolis schools, and increased busing expenses. Since the complaint alleges that the segregation of the Minneapolis schools is at least partially the result of housing practices and policies that have caused disproportionate concentrations of poor and minority students in select areas, it is possible that the relief the plaintiffs will ultimately request will involve the redistribution of minority and poor families in the Minneapolis/St. Paul metropolitan area. The cost of any such relief, if required to be paid by the State, could exceed \$10 million. The district court denied the State's motion to dismiss as to the State and certain principal named defendants but the district court did grant the motion to dismiss as to certain other state officials. The district court denied the plaintiffs' motion for partial summary judgment. The State, in response to the District Court's denial of its motion to dismiss, filed an appeal to and petition for accelerated review by the Minnesota Supreme Court. In January of 1997, the Minnesota Supreme Court dismissed the State's appeal as premature. In May of 1997, the State filed a motion with the district court seeking judgment on the pleadings for lack of subject matter jurisdiction which the district court denied. To date the alternative dispute resolution process has not been successful. In the meantime, district court proceedings are continuing. The *Xiong* case, filed in February 1998, also challenges the adequacy of the education provided in the Minneapolis Public Schools. Although the plaintiffs are different, this case is brought by the same attorneys as the *NAACP* case and alleges essentially the same claims. Some of the claims are now based on events that happened since the filing of the *NAACP* case. A motion to consolidate the *Xiong* case with *NAACP* has been granted.

## 12. CONTINGENT LIABILITIES - OTHER

### Primary Government

#### Pension Trust Funds

In addition to the pension trust funds included in the reporting entity (see Note 16), there are other public employee pension funds which the state may be contingently liable for the unfunded liability. These are pension trust funds where the state is funding a portion of the unfunded liability. The pension trust funds involve the year-end in which the most current data is available and the unfunded liabilities are provided for below (in thousands):

Minneapolis Employee Retirement Fund	June 30, 1999	\$ 106,487
Minneapolis Teachers Retirement Fund	June 30, 1999	\$ 454,898
St. Paul Teachers Retirement Fund	June 30, 1999	\$ 234,614
Local Police and Fire Funds	December 31, 1998	\$ 13,494

In 1996, the Local Police and Fire funds consisted of nine local plans. In 1998, five of the plans were reported as part of the Public Employees Retirement pension trust funds, so the unfunded liability of the Local Police and Fire Fund for 1998 consisted of four local plans.

The pension trust funds for which the state has custodial responsibility, but for which the state is not contingently liable, include the Public Employees Retirement, Police and Fire and the Police and Fire Consolidation funds.

All of the above unfunded liabilities were computed using the entry age normal actuarial cost (level normal cost) method. Assumptions include 6 and 5 percent interest rates, and 4 and 3.5 percent annual salary growth rates for the Minneapolis Employee Retirement Fund and the Local Police and Fire funds, respectively. Additional annual contributions are provided to reduce the current unfunded liabilities. It has been the intent of the legislature, in establishing contribution rates, to provide sufficient resources to retire or fully fund the liabilities for the Local Police and Fire funds by June 30, 2009 and by June 30, 2020 for the Minneapolis Employees Retirement Fund.

#### Petroleum Tank Environmental Cleanup

The Petroleum Tank Release Cleanup Act (MS 115C.09) requires the state to reimburse owners for most of their costs to clean up contamination from leaks and spills from petroleum tanks. The payments will come from the Petroleum Tank Cleanup Fund (Petrofund, special revenue fund). A significant number of unreported tank contamination sites and cleanup costs presently exist, which will require Petrofund expenditures. As of June 30, 1999, the Petrofund has recognized cumulative liabilities of \$284 million. Various studies have estimated that the total of all payments for the program may reach \$450 to \$800 million in cleanup costs (based on data available through July 1992).

#### Solid Waste Fund

The Closed Landfill program was established to provide environmental response to 106 qualified landfill sites. There are currently 90 closed state-permitted sites that are in the program. The state becomes responsible for closed municipal solid waste facilities only after certain eligibility requirements are met. The state may perform cleanup and final cover procedures as well as all maintenance and monitoring functions at these qualifying sites in perpetuity. The state reports a portion of these costs as operating expenses in each fiscal year. As of June 30, 1999, cumulative expenditures of \$77.7 million have been made by the Solid Waste Fund. Various studies have estimated that the total of all payments for the program may reach \$477 million for those sites currently in the program (based on 1999 dollars). These estimates include response action costs, costs for natural resources damage, costs representing future unknown additional remedies, which have some probability of occurring and reimbursements. Actual costs

may be higher because of inflation, changes in technology, inclusion of additional qualifying sites or changes in regulations.

### Component Units

The *Metropolitan Council* enters into contracts for various purposes, including transit services and construction projects, among others. As of December 31, 1998, unpaid commitments for transit services were approximately \$36.5 million, unpaid commitments for construction contracts were approximately \$24.7 million and future commitments for regional transit capital projects were approximately \$45.9 million.

The *Workers' Compensation Assigned Risk Plan (WCARP)* contracts with five servicing contractors to provide policy issuance, premium accounting and claim settlement services in exchange for a service fee based upon a standard written premium. Contingent liabilities exist with respect to performance of the above services to the extent that the servicing carriers are unable to meet their obligations under terms of the general service agreement.

WCARP, through Employers Life Insurance Company of Wausau, has purchased annuities to settle certain claims with the claimant as payee, but for which WCARP remains contingently liable. WCARP eliminated its loss reserves for these claims at the time the annuities were purchased. A contingent liability exists to the extent that the issuer of the annuity contracts becomes unable to fulfill its contractual obligations. The present value of annuity contracts still in force at December 31, 1998 was approximately \$5.1 million.

WCARP had a change in estimates of insured events in prior years. This decrease resulted in a reduction in the estimate of the ultimate cost of losses incurred; thus, a negative expense for this fiscal year. This decrease was due primarily to the release of reserves attributed to improvement in claim experience, as well as changes in economic, social and legal trends since the loss reserves were originally established.

The *University of Minnesota (U of M)* has construction projects in progress, principally buildings, that have been included in the assets of the plant funds, at June 30, 1999 approximating \$225,757,000. The estimated cost to complete these facilities is \$412,121,000, which is to be funded from plant fund assets and \$154,354,000 in appropriations available from the state of Minnesota.

The U of M owns certain steam production facilities, which produce steam for heating and cooling for the Twin Cities campuses, which are managed, operated and maintained by an unaffiliated company by agreement. The term of the agreement is for 25 years and commenced on July 1, 1992. Under the agreement, the U of M must make minimum fixed payments for certain operating and maintenance costs as well as contingent payments based on monthly usage. The minimum fixed amount of the required payments at June 30, 1999 are as follows (in thousands):

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Total</u>
2000	\$ 5,619
2001	5,619
2002	5,619
2003	5,619
2004	5,620
Thereafter	\$ 73,048
Total	<u>\$ 101,144</u>

### Other Contingent Liabilities

The 1993 legislature established a School District Credit Enhancement Program. The legislation authorized and directs the Commissioner of Finance to issue a warrant and authorize the Commissioner of Children, Families and Learning (CFL) to pay debt service coming due, under certain circumstances and subject to the availability of funds. Payments made on behalf of the school district are paid for the following: 1) the school district tax and the state-aid anticipation certificates of indebtedness, 2) certificates of indebtedness and capital notes for equipment, 3) certificates of participation and 4) school district

general obligation bonds. The school district must notify the Commissioner of CFL that it does not have sufficient money in its debt service fund for this purpose. Payment can also be made if the paying agent informs the Commissioner of CFL that it has not received from the school district timely payments to be used to pay debt service. The amounts paid on behalf of any school district are required to be repaid by the district with interest, either through a reduction of subsequent state-aid payments, or by the levy of an *ad valorem* tax, which may be made with the approval of the Commissioner of Children, Families and Learning. As of November 1, 1999, there was approximately \$5.79 billion in principal and interest of bonds, certificates of indebtedness and capital notes enrolled in the program. The state has not had to make any debt service payments on behalf of school districts under the program and does not expect to make any payments in the future.

### 13. NORTHWEST AIRLINES MAINTENANCE FACILITIES

Minnesota Laws 1991, Chapter 350 authorized the state to issue revenue bonds secured by the state's full faith and credit in an amount up to \$50,000,000 to finance the construction and equipping of an engine repair facility in Hibbing, and up to \$125,000,000 to finance the construction and equipping of an aircraft maintenance facility in Duluth. By agreement dated December 21, 1994 with Northwest Airlines, Inc. (NAI), the intended lessee of both facilities and certain other parties, it was agreed that the Hibbing facility would not be constructed and that the state would use its best efforts to issue revenue bonds secured by the state's full faith and credit for the Duluth facility. The state issued \$47,670,000 of revenue bonds in May 1995. As of June 30, 1999, \$46,255,000 of the revenue bonds remained outstanding, of which \$27,250,000 are payable primarily from lease payments of NAI, and of which \$19,005,000 are payable primarily from tax increment revenues derived from the Duluth facility and other revenues of the city of Duluth. In the event such revenues are insufficient, the state will have the right to apply to the payment of such bonds, or to reimburse itself for making such payments from, certain state-aid payments otherwise payable to the city of Duluth. Of the \$46,255,000 revenue bonds issued by the state, \$44,125,000 are secured by the state's full faith and credit, and \$2,130,000 are secured by the full faith and credit of St. Louis County. The bonds are structured so that the initial bonds, together with expected later refundings, will provide financing over a 30-year amortization period. On July 1, 1999, \$3,435,000 of the revenue bonds were defeased, thereby reducing the amount of the stated outstanding balance. The defeased funds are to be held in escrow. The invested funds will be sufficient to pay principal of, and interest on, the bonds to their earliest call date. The 1997 Minnesota legislature cancelled \$48,765,000 of the bonding authorization for the engine repair facility.

### 14. EQUITY

#### Contributed Capital

Components of the changes in the contributed capital of the enterprise and internal service funds and component unit proprietary funds are as follows (in thousands):

Source	Primary Government			Component
	Enterprise	Internal		Units
	Funds	Service	Total	Proprietary
	Funds	Funds		
Contributed Capital, Beginning	\$ 14,717	\$ 6,064	\$ 20,781	\$ 686,450
Additions:				
General Fund Contributions	11,109	-	11,109	20,439
Federal Grants	-	-	-	108,565
Prior Period Adjustment	-	-	-	44,377
Other Contributions	-	-	-	22,265
Reductions:				
Amortization/Depreciation on Fixed Assets				
Acquired with Contributed Capital	(352)	-	(352)	(29,606)
Contributed Capital, Ending	\$ 25,474	\$ 6,064	\$ 31,538	\$ 852,490



## Retained Earnings

The following table identifies in greater detail the retained earnings (in thousands) of the reporting entity:

	Proprietary Fund Types		
	Enterprise	Internal Service	Component Units
Retained Earnings:			
Reserved for Debt Requirements	\$ 11,137	\$ -	\$ 557,833
Reserved per State Law	-	-	92,302
Reserved for Claims	-	64,170	26,667
Total Reserved Retained Earnings	\$ 11,137	\$ 64,170	\$ 676,802
Unreserved Retained Earnings	156,567	18,601	1,002,973
Total Retained Earnings	\$ 167,704	\$ 82,771	\$ 1,679,775

## Reserved Retained Earnings

### Primary Government

*Reserved for Claims* represents the accrued amount for claims incurred, but not reported for the Public Employees Insurance Program Fund.

### Component Units

*Reserved Retained Earnings per State Law* consists of \$92,302,000 in the Housing Finance Agency Fund. This reserve is the unused portion of state appropriations provided for specific programs. These programs are primarily for interest rate reductions on housing mortgages and home improvement loans.

*Reserve for Claims* consists of claims submitted to the Metropolitan Council for construction in progress.

## Fund Balances

The following table identifies in greater detail the fund balances (in thousands) of the reporting entity:

	Governmental Fund Types					Fiduciary Fund Types	University Fund Type
	General	Special Revenue	Capital Projects	Debt Service	Component Units	Trust and Agency	University of Minnesota
Fund Balances:							
Reserved for Encumbrances	\$ 180,034	\$ 150,485	\$ 34,250	\$ -	\$ 8,013	\$ 5,494	\$ 24,846
Reserved for Inventory	-	16,048	-	-	-	2,197	-
Reserved for Long-Term Receivables	7,338	88,457	48,198	-	96,622	22,799	-
Reserved for Long-Term Commitments	-	84,719	200,754	-	37,647	-	-
Reserved for Local Governments	-	-	-	-	-	398,151	-
Reserved for Trust Principal	-	-	-	-	-	1,044,545	-
Reserved for Debt Requirements	-	-	-	385,193	-	-	-
Reserved for Pension Benefits	-	-	-	-	-	41,266,532	-
Budgetary Reserve	1,299,962	78,095	-	-	-	-	-
Reserved for Long-Term Advances	3,100	740	-	-	-	-	-
Reserved for Other	-	5,453	-	-	-	-	768,625
Total Reserved Fund Balances	\$ 1,490,434	\$ 423,997	\$ 283,202	\$ 385,193	\$ 142,282	\$ 42,739,718	\$ 793,471
Unreserved Fund Balances:							
Designated for Appropriation Carryover	478,883	72,050	-	-	-	-	-
Designated for Fund Purposes	-	226,049	739	-	339,317	731,790	218,040
Total Designated Fund Balance	\$ 478,883	\$ 298,099	\$ 739	\$ -	\$ 339,317	\$ 731,790	\$ 218,040
Undesignated	62,094	477,420	123,488	-	33,050	2,531	156,417
Total Unreserved Fund Balances	\$ 540,977	\$ 775,519	\$ 124,227	\$ -	\$ 372,367	\$ 734,321	\$ 374,457
Total Fund Balance	\$ 2,031,411	\$ 1,199,516	\$ 407,429	\$ 385,193	\$ 514,649	\$ 43,474,039	\$ 1,167,928

## Reserved Fund Balance

The reserved portion of the fund balances indicates that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use.

The *Budgetary Reserve* in the General Fund consists of three different accounts. First, there is the budget reserve account that is appropriated by the legislature for use only when it appears that probable receipts will be less than anticipated and that the amount available for the remainder of the biennium will be less than needed for budgeted expenditures. In this circumstance, state law requires that the commissioner of Finance, with the approval of the governor and after consulting with legislative leadership, transfer amounts necessary from the reserve to the unreserved fund balance. Next, there is the cash flow account that is used to meet cash flow deficiencies resulting from the uneven distribution of revenue collections and required expenditures during a fiscal year. Finally, there is the property tax reform account that is available for and may only be spent on reforming the property tax system. The balance in this account does not cancel and remains in the account until appropriated for property tax reform.

The *Budgetary Reserve* in the Health Care Access Fund (special revenue fund) is a statutory reserve set up to preserve basic health care services when federal funding is significantly reduced. This reserve is limited to \$150,000,000.

The *Reserved for Local Governments* is the equity amount in three expendable trust funds required by the state constitution to be paid to local governments. The funds are the Municipal State-Aid Street, County State-Aid Highway and Endowment School funds. The payments to these local governments are for street and highway projects (to municipalities and counties) and to subsidize education in the local school districts.

The *Reserved for Other* totaling \$5,453,000 in the special revenue funds consists primarily of petroleum overcharge fines (\$4,239,000 in the Federal Fund and \$506,000 in the Miscellaneous Special Revenue Fund) allocated by the federal courts to be used for energy conservation programs. The balance consists of the reserve for a revenue bond (\$708,000 in the Iron Range Resources and Rehabilitation Fund) as required by bond covenants.

*Reserved for Other* - University of Minnesota (component unit) totaling \$768,625,000, consists primarily of current externally restricted operating funds along with restricted plant funds that may be utilized only in accordance with the purposes established by the source of the funds.

## Unreserved Fund Balance

### *Primary Government*

The unreserved portion of the fund balances consists of designated fund balances indicating tentative managerial plans for future use of resources and undesignated fund balances indicating those unreserved financial resources available for appropriation. A portion of the undesignated fund balances in the Natural Resources (special revenue) funds may be appropriated only for specific programs.

*Designated for Fund Purposes* consists of fund balances for non-appropriated funds to be used for the following purposes (in thousands):

	Special Revenue Funds	Capital Projects Funds	Expendable Trust Funds
Education	\$ 3,841	\$ -	\$ -
Economic Development	57,155	739	712,993
Health and Social Services	73,545	-	-
Transportation	2,245	-	-
Resource Management	10,085	-	4,817
Miscellaneous	79,178	-	13,980
Totals	<u>\$ 226,049</u>	<u>\$ 739</u>	<u>\$ 731,790</u>

The total Designated for Fund Purposes of Governmental Component Units and the University of Minnesota of \$339,317,000 and \$218,040,000 respectively, is to be used primarily for debt service.

## 15. PRIOR PERIOD ADJUSTMENTS AND OTHER CHANGES IN ACCOUNTING PRINCIPLES

### **Prior Period Adjustments**

#### **Primary Government**

The Chemical Dependency Treatment (enterprise fund) Fund Balance increased by \$80,000 due to the capitalization of capital assets and corresponding accumulated depreciation that were previously expensed.

The Maximum Effort School Loan Fund (special revenue fund) did not report deferred revenue in previous years. This adjustment resulted in a prior period adjustment of \$3,093,000 because the fund recognized revenue in prior years that did not meet the available criteria for recognition.

#### **Component Units**

A portion of the Public Facilities Authority (governmental fund type) operations, with a June 30, 1998 fund balance of \$28,075,000, was previously reported as part of the primary government in the Building Fund (capital project fund). The Public Facilities Authority receives direct appropriations from the legislature to fund the program. Based upon a full entity wide audit, compared to a program specific audit in prior years, this activity was determined to be part of this component unit; not part of the primary government.

The Minnesota Technologies Incorporated (governmental fund type) fund balance decreased \$3,185,000 as a result of adjusting the investments at the beginning of the fiscal year to fair value and adjusting prior year interest receivable to actual.

Beginning retained earnings for Metropolitan Council's (MC) Environmental Services Fund (enterprise fund) was restated by \$671,000 due to implementation of GASB Statement 31.

Beginning in 1998, MC changed its policy on the treatment of cash equivalents. In prior years, MC considered cash and cash equivalents to be only cash. Cash and cash equivalents are now identified as cash and pooled investments. The beginning balance for cash and cash equivalents increased and investments decreased by \$197,160,000.

### **Other Changes in Accounting Principles**

#### **Primary Government**

The State Operated Community Services Fund (SOCS) activity was previously reported as part of the General Fund and the Miscellaneous Special Revenue Fund (special revenue fund). Based on re-evaluation of the fund structure, this activity has been reclassified as an enterprise fund. The net effect of this change for SOCS is an increase of \$6,585,000 on the cash flow statement and no beginning retained earnings. The General Fund and the Miscellaneous Special Revenue Fund are reporting a Change in Fund Structure adjustment of \$11,131,000 and \$289,000 respectively, which are increases to SOCS contributed capital. Other contributed capital came from the General Fixed Assets Account Group and the General Long-Term Obligation Account Group.

Certain loan receivable balances, which have not been reported, are now being reported in the Miscellaneous Special Revenue Fund (special revenue fund). These programs derived funding of \$22,526,000 from the U. S. Environmental Protection Agency over fiscal years 1996 - 1998, which was used entirely for loan issuance. There were no loan repayments prior to July 1, 1999.

## Component Units

The University of Minnesota changed its method for depreciating certain buildings to comply with the requirement of the federal government in its OMB Circular A-21 that the depreciation methods used to calculate the depreciation amounts for facilities and administrative rate proposals be the same methods used to calculate the depreciation for financial statements. This change in depreciation method assigns various useful lives to the individual components of certain research buildings, as opposed to the previous method of using one life for the entire building. The adjustment of \$40,702,000 is the increase to accumulated depreciation of investment in plant. The current year effect of the change was an increase of \$1,020,000 to depreciation of investment in plant.

## 16. PENSION AND INVESTMENT TRUST FUNDS

The state of Minnesota performs a fiduciary role for several pension trust funds. For some of these, the state contributes as an employer and for others, performs only a fiduciary role. These trust funds are categorized as either defined benefit or defined contribution (pension trust funds) or investment trust funds.

Pension fund information is provided by three plan administrators, who prepare and publish their own stand-alone comprehensive annual financial reports, including financial statements and required supplementary information. Each plan administrator accounts for one or more pension plans. Copies of these reports may be obtained directly from the organizations listed below. See Summary of Significant Accounting and Reporting Policies (Note 1) for addresses.

### **Plan Administrator**

Public Employees Retirement Association (PERA)

Teachers Retirement Association (TRA)

Minnesota State Retirement System (MSRS)

### **Plans Covered**

Public Employees Retirement Fund  
Police and Fire Fund  
Police and Fire Consolidated Fund  
Public Employees Defined  
Contribution Retirement Fund

Teachers Retirement Fund

State Employees Fund  
State Patrol Fund  
Correctional Employees Fund  
Judicial Fund  
Elective State Officers Fund  
Legislative Fund  
Unclassified Employee Retirement Fund

Norwest Banks is the plan administrator for the College and University Retirement Fund. Norwest prepares, but does not publish its financial report. Copies of this report may be obtained from the Department of Finance.

## **Defined Benefit Pension Funds**

### **Plan Descriptions and Contribution Information**

#### ■ Multiple employer, cost-sharing plans:

The State Employees Retirement Fund (SERF) covers those employees of the state, University of Minnesota and certain other entities not covered by other pension funds. Thirty-two employers participate in this plan. Normal retirement age is 65. The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarial reduction for early retirement. The applicable rates are 1.2 percent and 1.7 percent. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.

The Teachers Retirement Fund (TRF) covers teachers and other related professionals employed by the school districts or by the state. Four hundred sixty-one employers participate in this plan. Normal retirement is age 65. The annuity formula for each type of membership is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for basic members are 2.2 and 2.7 percent, and for coordinated members, 1.2 and 1.7 percent. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund. Currently, TRF does not have an unfunded actuarial accrued liability.

The Public Employees Retirement Fund (PERF) covers employees of various governmental subdivisions, including counties, cities, school districts and related organizations. Approximately 2,000 employers participate in this plan. There are two types of membership: basic and coordinated. Normal retirement age is 65. The annuity formula for each type of membership is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for basic members are 2.2 and 2.7 percent, and for coordinated members, 1.2 and 1.7 percent. The state is not an employer of the participants in the plan, but performs only in a fiduciary capacity and is not responsible for the unfunded accrued liability of this fund.

The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental subdivisions. Prior to 1981, these employees were not covered by a local relief association. The fund covers all those hired since 1980. The state is not an employer of participants in the plan, but performs in a fiduciary capacity. Approximately 500 employers participate in this plan.

■ Single employer (state of Minnesota) plans:

The State Patrol Retirement Fund (SPRF) covers state patrol officers, crime bureau officers and various conservation officers who perform enforcement duties. Normal retirement age is 55. Annuity is based on 3.0 percent for each year of service.

The Correctional Employees Retirement Fund (CERF) covers state employees who have direct responsibility for inmates at Minnesota correctional facilities. Normal retirement age is 55. The annuity is based on 2.4 percent for each year of service.

The Judicial Retirement Fund (JRF) covers judges of the supreme court, district courts, county courts, probate courts and various court referees. Normal retirement age is 65. The annuity is 2.7 percent for each year of service (3.2 percent for each year after June 30, 1980).

The Elective State Officers Fund (ESOF) covers the state's constitutional officers. Vesting occurs after eight years. Normal retirement age is 62. Annuities are 2.5 percent for each year of service.

The Legislative Retirement Fund (LRF) covers members of the state's house of representatives and senate. Vesting occurs after six years. Normal retirement age is 62. Annuity is 2.5 percent for each year of service.

■ Multiple employer, agent plan:

The Police and Fire Consolidation Fund (PFCF) covers police officers and firefighters belonging to a local relief association that elected to merge with the Public Employee Retirement Association (PERA). The state is not an employer of participants of the plan, but performs only in a fiduciary capacity. Forty-four employers participate in this plan.

	Funding Policy Information						
	Single Employer					Multiple Employer	
	SPRF	CERF	JRF	ESOF	LRF	SERF	TRF
Statutory Authority, Minnesota, Chapter	352B	352	490	352C	3A	352	354
Required Contribution Rate of Active Members (%)	8.40	5.50	8.00	9.00	9.00	4.00	5.00
Required Contribution Rate of Employer (%)	12.60	7.70	20.50	N/A	N/A	4.00	5.00

Cost Sharing Plan Required Contributions  
(in thousands)

Required Contributions		SERF	TRF
(employee and employer)*	1999	\$ 132,802	\$ 262,565
	1998	\$ 125,216	\$ 275,419
	1997	\$ 130,416	\$ 345,830

\* Contributions were 100 percent of required contributions.

Single Employer Plan Disclosures  
(in thousands)

		SPRF	CERF	JRF	ESOF	LRF
Annual Required Contributions (ARC)*	1999	\$ 6,410	\$ 13,786	\$ 8,999	\$ 150	\$ 3,535
	1998	\$ 6,765	\$ 12,161	\$ 6,803	\$ 243	\$ 3,345
	1997	\$ 6,388	\$ 10,133	\$ 6,367	\$ 235	\$ 3,616
Interest on Net Pension Obligation (NPO)*	1999	\$ -	\$ -	\$ -	\$ -	\$ -
	1998	\$ -	\$ -	\$ -	\$ -	\$ 27
	1997	\$ -	\$ -	\$ -	\$ -	\$ 73
Amort adj to ARC*	1999	\$ -	\$ -	\$ -	\$ -	\$ -
	1998	\$ -	\$ -	\$ -	\$ -	\$ (19)
	1997	\$ -	\$ -	\$ -	\$ -	\$ (54)
Annual Pension Cost	1999	\$ 6,410	\$ 13,786	\$ 8,999	\$ 150	\$ 3,535
	1998	\$ 6,765	\$ 12,161	\$ 6,803	\$ 243	\$ 3,353
	1997	\$ 6,388	\$ 10,133	\$ 6,367	\$ 235	\$ 3,635
Contributions	1999	\$ 9,562	\$ 14,550	\$ 9,120	\$ 66	\$ 2,765
	1998	\$ 9,110	\$ 14,100	\$ 8,700	\$ 217	\$ 5,799
	1997	\$ 9,897	\$ 14,636	\$ 8,099	\$ 209	\$ 3,874
% of ARC Contributed	1999	149%	106%	101%	44%	78%
	1998	135%	116%	128%	89%	173%
	1997	155%	144%	127%	89%	107%
NPO (end of year)	1999	\$ -	\$ -	\$ -	\$ -	\$ -
	1998	\$ -	\$ -	\$ -	\$ -	\$ -
	1997	\$ -	\$ -	\$ -	\$ -	\$ 620
Increase (Decrease) in NPO	1999	\$ -	\$ -	\$ -	\$ -	\$ -
	1998	\$ -	\$ -	\$ -	\$ -	\$ (620)
	1997	\$ -	\$ -	\$ -	\$ -	\$ (239)

\* Components of Annual Pension Cost

### Actuarial Assumptions for Single Employers

- The actuarial cost method used by all plans is the Entry Age Normal method.
- The method used to determine actuarial valuation of assets is cost plus one-third unrealized gains or losses.
- Minnesota statutes or valuation standards do not require an inflation rate assumption to cost the plans.
- Investment returns for pre-retirement and post-retirement are 8.5 percent and 6.0 percent respectively for SPRF, CERF and JRF, and 8.5 percent and 5.0 percent, respectively for LRF and ESOF.
- Projected salary increases are graded from 7.75 percent to 5.25 percent for SPRF and CERF. For LRF, ESOF and JRF, projected salary increases are a level 5.0 percent.
- The payment of earnings on retired reserves in excess of 6.0 percent are accounted for by 6.0 percent post-retirement assumptions for SPRF, CERF and JRF. Payment of earnings on retired reserves in excess of 5.0 percent are accounted for by 5.0 percent post-retirement assumptions for LRF and ESOF.
- The level percentage of projected payroll is the amortization method used.
- The amortization period is through July 1, 2020.

#### Required Supplementary Information Schedule of Funding Progress (in thousands)

		<u>SPRF</u>	<u>CERF</u>	<u>JRF</u>	<u>ESOF</u>	<u>LRF</u>
Actuarial Valuation Date	1999	7/1/99	7/1/99	7/1/99	7/1/99	7/1/99
	1998	7/1/98	7/1/98	7/1/98	7/1/98	7/1/98
	1997	7/1/97	7/1/97	7/1/97	7/1/97	7/1/97
Actuarial Value of Plan Assets	1999	\$ 472,687	\$ 335,408	\$ 97,692	\$ 198	\$ 33,474
	1998	\$ 430,011	\$ 295,291	\$ 86,578	\$ 500	\$ 31,212
	1997	\$ 375,650	\$ 241,916	\$ 74,681	\$ 456	\$ 25,678
Actuarial Accrued Liability	1999	\$ 406,215	\$ 307,408	\$ 139,587	\$ 3,373	\$ 66,418
	1998	\$ 371,369	\$ 261,869	\$ 130,727	\$ 3,369	\$ 62,928
	1997	\$ 332,427	\$ 212,638	\$ 117,714	\$ 3,214	\$ 60,055
Total Unfunded Actuarial Liability (Asset)	1999	\$ (66,472)	\$ (28,000)	\$ 41,895	\$ 3,175	\$ 32,944
	1998	\$ (58,642)	\$ (33,422)	\$ 44,149	\$ 2,869	\$ 31,716
	1997	\$ (43,223)	\$ (29,278)	\$ 43,033	\$ 2,758	\$ 34,377
Funded Ratio*	1999	116%	109%	70%	6%	50%
	1998	116%	113%	66%	15%	50%
	1997	113%	114%	63%	14%	43%
Annual Covered Payroll	1999	\$ 45,333	\$ 106,131	\$ 32,940	\$ 291	\$ 7,490
	1998	\$ 43,170	\$ 97,363	\$ 24,647	\$ 476	\$ 6,965
	1997	\$ 40,763	\$ 81,132	\$ 23,068	\$ 460	\$ 7,529
Ratio of Unfunded Actuarial Liability to Annual Covered Payroll	1999	(147%)	(26%)	127%	1091%	440%
	1998	(136%)	(34%)	179%	603%	455%
	1997	(106%)	(36%)	187%	600%	457%

\* Actuarial value of assets as a % of actuarial accrued liability.

## Defined Contribution Funds

The defined contribution funds presented in the financial statements include various statewide public employee retirement funds for which the benefits to be received are limited to an annuity, which can be purchased with the combined contributions of both the employee and employer. Accordingly, there is no unfunded liability for these funds; therefore, there is no actuarial valuation of accrued benefit liability nor any actuarially required contribution.

### Plan Descriptions and Contribution Information

The Unclassified Employee Retirement Fund, authorized by Minnesota Statutes, Chapter 352D, covers only those state employees who are included either by statute or policy in the "unclassified service" of the state. Statutory contribution rates are 4.0 percent for employee and 6.0 percent for employer. Vesting occurs immediately, and normal retirement age is 58. Annuity is based on age and value of participant's account. Eighteen employers participate in this plan.

The College and Universities Retirement funds, authorized by Minnesota Statutes, Chapter 354B and Chapter 354C, cover unclassified teachers, librarians, administrators and certain other staff members who have been employed full-time for a minimum of two academic years. The plan administrator is Norwest Banks. Participation is mandatory for qualified employees. These funds consist of an Individual Retirement Account Plan (IRAP) and a Supplemental Retirement Plan (SRP). There are two member groups participating in the IRAP, one for faculty and one for managerial employees. For the faculty, the employer and employee statutory contribution rates are 6.0 and 4.5 percent respectively, while for the managerial employees the employer rate is 6.0 percent and the employee rate is 4.1 percent. For the SRP, the statutory contribution rate is 5 percent of salary between \$6,000 and \$40,000. Vesting occurs immediately, and normal retirement is age 55. One employer participates in this plan. Total current membership in the plan is approximately 12,500.

The Public Employee Defined Contribution Retirement Fund (PEDCR) is authorized by Minnesota Statutes, Chapter 353D. The plan covers local units of government of which current or former elected officials elect to participate (with the exception of elected county sheriffs), emergency medical service personnel employed by or providing service to any of the participating ambulance services and physicians employed at public facilities. The plan administrator is the Public Employee Retirement Association. Plan benefits depend solely on amounts contributed to the plan plus investment earnings less administrative expenses. There is no vesting period required to receive benefits from this plan. PEDCR Fund covers approximately 1,000 units of government. There are 4,031 members in the plan.

### Defined Contribution Plans Contributions Made for Fiscal Year 1999 (in thousands)

	Unclassified Employee Retirement Fund	Colleges and Universities Retirement Fund	PERA Defined Contribution Fund
Employee Contributions	\$3,885	\$13,708	\$778
Employer Contributions	\$5,574	\$15,560	\$858



## **Investment Trust Funds**

The Supplemental Retirement Fund (investment trust fund) is administered by the State Board of Investment, which issues a separate report (see Note 1 for address). This fund is an investment pool for external participants, which are locally administered retirement funds and a deferred compensation plan.

## **Component Units**

The following component units are participants in the SERF, P&FF and the Unclassified Employees Retirement funds:

Agricultural and Economic Development Board  
Export Finance Authority  
Higher Education Services Office  
Housing Finance Agency  
Metropolitan Council  
Minnesota Technology Incorporated  
Public Facilities Authority  
Rural Finance Authority  
University of Minnesota

## **17. POST-RETIREMENT BENEFITS**

For certain employees, post-retirement benefits are available upon retirement at age 55 under terms of their employment contract. Through fiscal year 1999, the employees involved were primarily conservation officers, guards at correctional facilities and highway patrol officers. If these employees elect retirement at age 55, the state will pay the employer's share of health insurance benefits until the employees reach age 65.

The legislature has, from time to time, provided early retirement incentives for other employees meeting specific requirements. The specific circumstances usually require the employee to retire within a certain narrow time frame, whereby the state will pay the employer's share of health insurance benefits until the employee reaches age 65. The 1993 and 1995 legislatures approved incentive windows from May 17, 1993 through January 30, 1994, and from May 23, 1994 through January 30, 1995 respectively.

The cost of these benefits, which is recognized as paid, was \$4,468,000 during fiscal year 1999. The number of employees currently receiving this benefit is approximately 1,065.

## 18. SEGMENT INFORMATION AND CONDENSED BALANCE SHEET

Significant enterprise fund financial data for the year ended June 30, 1999 follows.

### Primary Government

#### Enterprise Funds' Segment Information (in thousands)

	State Colleges & Universities Revenue	State Lottery	Colleges & University Enterprise Activities	Minnesota Correctional Industries	Chemical Dependency Treatment	Public Employees' Insurance	Private Employers Insurance	Enterprise Activities	State Operated Community Services	Total
Operating Revenues	\$ 46,003	\$ 364,661	\$ 60,324	\$ 18,469	\$ 13,465	\$ 7,830	\$ 53	\$ 4,106	\$ 36,396	\$ 551,307
Depreciation/Amortization Expense	\$ 5,534	\$ 1,468	\$ 140	\$ 451	\$ 58	\$ 4	\$ 1	\$ 67	\$ 660	\$ 8,383
Operating Income (Loss)	\$ 20	\$ 58,358	\$ 4,221	\$ (1,759)	\$ 370	\$ (210)	\$ (185)	\$ 200	\$ (190)	\$ 60,825
Nonoperating Revenues (Expenses):										
Investment Income	\$ 2,854	\$ 1,668	\$ 1,115	\$ 276	\$ 189	\$ 267	\$ 50	\$ -	\$ -	\$ 6,419
Grants (Revenue)	\$ -	\$ -	\$ 211	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ 231
Grants (Expense)	\$ -	\$ -	\$ (566)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (566)
Net Operating Transfers-In (Out)	\$ -	\$ (60,391)	\$ (2,834)	\$ 3,348	\$ -	\$ 750	\$ 150	\$ (21)	\$ 1,156	\$ (57,842)
Net Income (Loss)	\$ 986	\$ -	\$ 1,958	\$ 2,363	\$ 559	\$ 807	\$ 15	\$ 199	\$ 712	\$ 7,599
Changes in Contributed Capital	\$ (352)	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ 11,105	\$ 10,757
Fixed Assets:										
Additions	\$ 7,565	\$ 1,548	\$ 576	\$ 451	\$ 69	\$ -	\$ -	\$ 20	\$ 1,140	\$ 11,369
Net Working Capital	\$ 89	\$ (3,632)	\$ 27,355	\$ 14,148	\$ 6,195	\$ 4,406	\$ 743	\$ 3,061	\$ 15,674	\$ 68,039
Total Assets	\$ 116,907	\$ 37,467	\$ 76,630	\$ 17,496	\$ 7,104	\$ 5,967	\$ 864	\$ 4,505	\$ 24,013	\$ 290,953
Noncurrent Liabilities Payable from:										
Other Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 740	\$ -	\$ -	\$ 740
Total Fund Equity	\$ 82,974	\$ -	\$ 69,521	\$ 15,607	\$ 5,744	\$ 4,400	\$ -	\$ 3,115	\$ 11,817	\$ 193,178

Listed below are the discretely presented component units:

### Component Units - Governmental Funds

Public Facilities Authority (PFA)  
Metropolitan Council (MC)  
Minnesota Technology, Incorporated (MTI)  
Higher Education Services Office (HESO)  
Export Finance Authority (EFA)  
Agricultural and Economic Development Board (AEDB)  
Rural Finance Authority (RFA)  
Minnesota Partnership for Action Against Tobacco (MPAAT)

### Component Units - Proprietary Funds

Housing Finance Agency (HFA)  
Public Facilities Authority (PFA)  
Metropolitan Council (MC)  
Workers' Compensation Assigned Risk Plan (WCARP)  
National Sports Center Foundation (NSCF)  
Higher Education Services Office (HESO)

### Other Component Units

University of Minnesota (U of M)

Significant component unit financial data for the year ended June 30, 1999 follows.

## Component Units

### Condensed Statements - Governmental Funds (in thousands)

	PFA	MC*	MTI	HESO	EFA	AEDB	RFA	MPAAT	Totals
<b>Balance Sheet:</b>									
Current Assets	\$ 42,865	\$ 60,776	\$ 9,858	\$ 4,302	\$ 1,063	\$ 14,394	\$ 17,880	\$ 64,689	\$ 215,827
Non-Current Assets	-	159,308	-	-	-	49,037	50,335	122,306	380,986
Due from Other Governmental Units	-	2,444	-	-	-	-	-	-	2,444
Fixed Assets	-	13,909	471	267	-	-	-	-	14,647
Amount Available for Debt Service	-	44,202	-	-	-	-	-	-	44,202
Amount to be Provided for Debt Service	-	91,047	-	-	-	39,157	-	-	130,204
Total Assets and Other Debits	<u>\$ 42,865</u>	<u>\$ 371,686</u>	<u>\$ 10,329</u>	<u>\$ 4,569</u>	<u>\$ 1,063</u>	<u>\$ 102,588</u>	<u>\$ 68,215</u>	<u>\$ 186,995</u>	<u>\$ 788,310</u>
Current Liabilities	\$ 822	\$ 72,953	\$ 935	\$ 4,059	\$ -	\$ 1,084	\$ -	\$ 151	\$ 80,004
Due to Other Governmental Units	-	5	-	-	-	-	-	-	5
Long-Term Liabilities	-	139,758	270	291	-	39,157	-	-	179,476
Total Liabilities	<u>\$ 822</u>	<u>\$ 212,716</u>	<u>\$ 1,205</u>	<u>\$ 4,350</u>	<u>\$ -</u>	<u>\$ 40,241</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 259,485</u>
Total Equity	<u>\$ 42,043</u>	<u>\$ 158,970</u>	<u>\$ 9,124</u>	<u>\$ 219</u>	<u>\$ 1,063</u>	<u>\$ 62,347</u>	<u>\$ 68,215</u>	<u>\$ 186,844</u>	<u>\$ 528,825</u>
<b>Operating Statement:</b>									
Revenues	\$ -	\$ 68,802	\$ 3,653	\$ 2,015	\$ 56	\$ 4,402	\$ 3,785	\$ 189,903	\$ 272,616
Current Expenditures	-	(127,396)	(13,248)	(8,131)	-	(141)	-	(3,059)	(151,975)
Capital Outlay	-	(865)	-	-	-	-	-	-	(865)
Debt Service	-	(25,709)	-	-	-	(11,743)	-	-	(37,452)
Grants & Subsidies	(7,282)	-	(8,871)	(135,844)	-	-	-	-	(151,997)
Excess of Revenues Over Expenditures	<u>\$ (7,282)</u>	<u>\$ (85,168)</u>	<u>\$ (18,466)</u>	<u>\$ (141,960)</u>	<u>\$ 56</u>	<u>\$ (7,482)</u>	<u>\$ 3,785</u>	<u>\$ 186,844</u>	<u>\$ (69,673)</u>
Bond Proceeds	-	18,773	-	-	-	5,215	4,500	-	28,488
Transfers-In from Primary Government	21,250	69,316	10,037	141,535	-	-	-	-	242,138
Other Financing Sources (Uses)	-	25,532	(35)	-	-	-	(8,651)	-	16,846
Excess of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 13,968</u>	<u>\$ 28,453</u>	<u>\$ (8,464)</u>	<u>\$ (425)</u>	<u>\$ 56</u>	<u>\$ (2,267)</u>	<u>\$ (366)</u>	<u>\$ 186,844</u>	<u>\$ 217,799</u>

\* December 31 year end

Condensed Statements - Proprietary Funds  
(in thousands)

	HFA	PFA	MC*	WCARP*	NSCF*	HESO	Totals
<b>Balance Sheet:</b>							
Current Assets	\$ 480,874	\$ -	\$ 106,193	\$ 254,609	\$ 551	\$ 12,547	\$ 854,774
Non-Current Assets	2,013,204	-	5,576	675,547	-	280,430	2,974,757
Due from Other Governmental Units	-	-	2,268	-	-	-	2,268
Restricted Assets	360,493	1,017,115	234,952	-	-	35,589	1,648,149
Fixed Assets	1,030	2	1,156,457	-	521	81	1,158,091
Total Assets	<u>\$ 2,855,601</u>	<u>\$ 1,017,117</u>	<u>\$ 1,505,446</u>	<u>\$ 930,156</u>	<u>\$ 1,072</u>	<u>\$ 328,647</u>	<u>\$ 6,638,039</u>
Current Liabilities	\$ 7,938	\$ 29,647	\$ 77,523	\$ 21,526	\$ 659	\$ 450	\$ 137,743
Due to Primary Government	-	-	-	4,757	-	-	4,757
Long-Term Liabilities	2,243,157	566,106	679,928	405,000	260	68,823	3,963,274
Total Liabilities	<u>\$ 2,251,095</u>	<u>\$ 595,753</u>	<u>\$ 757,451</u>	<u>\$ 431,283</u>	<u>\$ 919</u>	<u>\$ 69,273</u>	<u>\$ 4,105,774</u>
Total Equity	<u>\$ 604,506</u>	<u>\$ 421,364</u>	<u>\$ 747,995</u>	<u>\$ 498,873</u>	<u>\$ 153</u>	<u>\$ 259,374</u>	<u>\$ 2,532,265</u>
<b>Operating Statement:</b>							
Revenues	\$ 175,827	\$ 35,386	\$ 227,328	\$ 47,530	\$ 4,976	\$ 13,524	\$ 504,571
Operating Expenditures	(150,260)	(30,599)	(305,361)	(2,564)	(5,729)	(9,320)	(503,833)
Operating Income (Loss)	\$ 25,567	\$ 4,787	\$ (78,033)	\$ 44,966	\$ (753)	\$ 4,204	\$ 738
Nonoperating Revenues (Expenses)	(29,753)	(771)	114,758	81,208	706	5,619	171,767
Transfer-in from Primary Government	40,076	-	-	-	-	-	40,076
Other sources (uses)	(1,040)	-	5,442	-	-	-	4,402
Incr.(Decr.) in Retained Earnings	<u>\$ 34,850</u>	<u>\$ 4,016</u>	<u>\$ 42,167</u>	<u>\$ 126,174</u>	<u>\$ (47)</u>	<u>\$ 9,823</u>	<u>\$ 216,983</u>
Changes in Contributed Capital	<u>\$ -</u>	<u>\$ 133,831</u>	<u>\$ 32,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,040</u>

\* December 31 year end

Component Unit Condensed Balance Sheet  
University Fund  
(in thousands)

	U of M
Current Assets	\$ 761,538
Non-Current Assets	886,294
Due from Primary Government	128,331
Fixed Assets	1,268,673
Restricted Assets	11,132
Total Assets	<u>\$ 3,055,968</u>
Current Liabilities	\$ 174,423
Due to Primary Government	45,685
Bonds and Other Long-Term Liabilities	664,023
Total Liabilities	<u>\$ 884,131</u>
Total Equity	<u>\$ 2,171,837</u>

	Governmental Totals	Proprietary Totals	University Totals	Total Component Units
Balance Sheet:				
Current Assets	\$ 215,827	\$ 854,774	\$ 761,538	\$ 1,832,139
Non-Current Assets	380,986	2,974,757	886,294	4,242,037
Due from other Governmental Units	2,444	2,268	-	4,712
Due from Primary Government	-	-	128,331	128,331
Restricted Assets	-	1,648,149	11,132	1,659,281
Fixed Assets	14,647	1,158,091	1,268,673	2,441,411
Amount Available for Debt Service	44,202	-	-	44,202
Amount to be Provided	130,204	-	-	130,204
Total Assets	<u>\$ 788,310</u>	<u>\$ 6,638,039</u>	<u>\$ 3,055,968</u>	<u>\$ 10,482,317</u>
Current Liabilities	\$ 80,004	\$ 137,743	\$ 174,423	\$ 392,170
Due to Other Governmental Units	5	-	-	5
Due to Primary Government	-	4,757	45,685	50,442
Long-term Liabilities	179,476	3,963,274	664,023	4,806,773
Total Liabilities	<u>\$ 259,485</u>	<u>\$ 4,105,774</u>	<u>\$ 884,131</u>	<u>\$ 5,249,390</u>
Total Equity	<u>\$ 528,825</u>	<u>\$ 2,532,265</u>	<u>\$ 2,171,837</u>	<u>\$ 5,232,927</u>

Investments are no longer included in the current asset calculation; they are represented within non-current assets.

## 19. RISK MANAGEMENT

### Primary Government

The state is exposed to various risks of loss related to tort, to theft of, damage to, or destruction of assets, to errors or omissions and to employer obligations. The state manages these risks through the Risk Management Fund (internal service fund), a self-insurance fund, and other self-insurance mechanisms.

The state has not experienced significant reduction in insurance coverage from the prior year. It has not had any settlements in excess of coverage for the past three years.

### Risk Management Fund

State agencies may elect to participate in the Risk Management Fund, which offers liability and property coverage. The agency pays a premium to participate in this coverage. All state agencies are required to purchase automobile liability coverage from the fund.

The property coverage offers an agency a deductible between \$1,000 and \$100,000; the fund covers the balance of the claim up to \$500,000. The primary reinsurer covers losses up to \$25,000,000 after which the excess loss is shared among three reinsurers up to \$400,000,000. The liability coverage is up to the statutory limit of \$300,000 per person for property damage or bodily injury up to \$750,000 per occurrence. Once annual losses paid by the Risk Management Fund reaches \$3,500,000, the reinsurer will step in and cover those losses in excess of each covered agency's deductible. Once this limit is reached, the fund has to pay a \$10,000 maintenance deductible for each claim.

The Risk Management Fund purchases insurance policies for state agencies seeking other types of coverage. This type of policy covers risks that the state is not able to self-insure and include aviation, medical malpractice and foster care liability. The premiums for these policies are billed back to agencies at cost.

The state is prevented from insuring property against loss because of statutory prohibition. Certain agencies and programs are exempted from this prohibition. These include the Stillwater Prison, Minnesota

State Colleges and Universities, Family Farm Security Program, Department of Military Affairs, Iron Range Resources and Rehabilitation Board and the Sibley House. The Commissioner of the Department of Administration may authorize the purchase of insurance on state properties should it be deemed necessary and appropriate to protect buildings and content. All losses of state property are self-insured or are covered by programs of the Risk Management Fund or by insurance policies purchased by the Risk Management Fund on behalf of state agencies.

#### Tort Claims

Tort claims against the state are limited by statute to \$300,000 per person for property damage or bodily injury up to \$750,000 per occurrence. These risks are covered through self-insurance for which each state agency is responsible to pay for the cost of claims from their operating budgets of various funds. The legislature also makes an annual Tort Claim Appropriation to cover claims that would unduly impair agency operations. Agencies not able to cover claims through these two avenues must seek additional appropriations from the legislature.

#### Workers Compensation

The state also participates in the Workers' Compensation Reinsurance Association, which pays for catastrophic workers' compensation claims in excess of the retention amount of \$1,160,000. These risks are covered through self-insurance for which each state agency is responsible to pay for the cost of claims from their operating budgets of various funds.

#### State Employee Group Insurance Program

The State Employee Group Insurance Program (SEGIP) was created by the Minnesota Legislature as an employee insurance trust fund with the intent to "provide eligible employees and other eligible persons with life insurance and hospital, medical and dental benefits coverage through provider organizations". The trust fund is not associated with a public risk pool. The fund used to account for SEGIP is an internal service fund dedicated solely for the purpose of this program. A contingency reserve is maintained within the trust fund to increase the controls over medical plan provisions and other insurance costs for the purpose of moderating premium fluctuations, and to assume all inherent risk associated with the self-funded insurance programs, which would also include losses to the fund. The fund has the authority to invest discretionary resources with the State Board of Investment and credit the earnings to the fund.

SEGIP provides benefits coverage to employees by contracting with carriers to provide a network of providers. Agencies are assessed premiums based on the employees' enrollment selections.

The self-funded programs within the fund establish claims liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported, but not paid, and of claims that have been incurred, but not reported. These estimates are provided by the insurance carriers and reviewed by the program managers for accuracy and reasonableness. The estimates are based on claim experience and claim lag timetables provided by the carriers and do not include additional estimates for subrogation, salvage or unallocated claim adjustments.

#### Public Employee Insurance Program

The Public Employees Insurance Program (PEIP) is a public entity risk pool currently operating as an insurance program. The risk pool was created by the Minnesota Legislature to "provide public employees and other eligible persons with life insurance and hospital, medical and dental benefit coverage" to "result in a greater utilization of government resources" and "advance the health and welfare of the citizens of the state".

PEIP's membership as of June 30, 1999 was 5,326 members, which include three school districts, 44 cities/townships, six counties and 20 other public employers. PEIP provides medical benefits coverage to public employees through a self-insured statewide program administered through several private-sector

claims administrators/managed care organizations, as well as fully insured life and dental coverage. The pool will be self-sustaining through member premiums and will reinsure for claims through its administrators/managed care organizations for Stop-Loss coverage for claims in excess of \$50,000. The employers' premium would be increased the next plan year and over several plan years, if necessary, to recover costs in the event of a deficiency. Investment income is not anticipated in calculating premium deficiencies. In the event the assets of the pool would be exhausted, members would not be responsible for the pool's liabilities.

The pool establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred, but not reported. The estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. The pool uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the pool as direct insurer of the risks reinsured.

The following table presents changes in the balances of self-insured claims liabilities during the fiscal years ended June 30, 1999 and 1998:

	<u>Beginning Claims Liability</u>	<u>Net Additions and Changes in Claims</u>	<u>Payment of Claims</u>	<u>Ending Claims Liability</u>
<b>Risk Management Fund</b>				
Fiscal Year Ended 6/30/98	\$ 5,121,000	\$ 4,097,000	\$ 2,686,000	\$ 6,532,000
Fiscal Year Ended 6/30/99	\$ 6,532,000	\$ 1,807,000	\$ 2,210,000	\$ 6,129,000
<b>Tort Claims (*)</b>				
Fiscal Year Ended 6/30/98	\$ -	\$ 589,500	\$ 589,500	\$ -
Fiscal Year Ended 6/30/99	\$ -	\$ 702,000	\$ 702,000	\$ -
<b>Workers Compensation</b>				
Fiscal Year Ended 6/30/98	\$106,877,000	\$ 18,180,000	\$ 11,325,000	\$113,732,000
Fiscal Year Ended 6/30/99	\$113,732,000	\$ 15,164,000	\$ 12,761,000	\$116,135,000
<b>State Employee Insurance Plans</b>				
Fiscal Year Ended 6/30/98	\$ 14,899,000	\$232,594,000	\$231,078,000	\$ 16,415,000
Fiscal Year Ended 6/30/99	\$ 16,415,000	\$276,882,000	\$271,944,000	\$ 21,353,000
<b>Public Employee Insurance Program</b>				
Fiscal Year Ended 6/30/98	\$ -	\$ 1,968,000	\$ 1,433,000	\$ 535,000
Fiscal Year Ended 6/30/99	\$ 535,000	\$ 5,796,000	\$ 5,495,000	\$ 836,000

\* The Attorney General's Office does not recognize liabilities for Tort Claims.  
Claims have never exceeded funding appropriated by the legislature.

## Component Units

### Metropolitan Council

Metropolitan Council (MC) is exposed to various risks of loss related to tort, to theft of, damage to, or destruction of assets, to errors or omissions and to employer obligations. MC both purchases commercial insurance and self-insures for these risks of loss as discussed below. MC has not experienced significant reduction in insurance coverage from the prior year. In addition, MC has not had any settlements in excess of coverage for the past three years.

## *Liability*

MC purchases general liability insurance to protect all divisions of MC and recognizes a current liability for incurred, reported claims, and a long-term liability for claims incurred, but not reported. Claims liabilities are calculated considering recent claims settlement trends including frequency and amount of payouts. Minnesota Statute 466.04 generally limits the MC's 1998 tort exposure to \$300,000 per claim and \$750,000 per occurrence for a claim arising on or after January 1, 1998. For claims arising earlier, the limits are \$200,000 per claim and \$600,000 per occurrence. In addition, an amount equal to twice these limits applies if the claim arises out of the release or threatened release of a hazardous substance.

## *Workers Compensation*

MC has self-administered workers' compensation claims for all divisions. Liabilities are reported when information is available that suggests there has been an occurrence with probable loss incurred. Liabilities include an amount for claims that have been incurred, but not reported. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a discount rate of 4.96 percent.

The self-insurance retention limit for workers' compensation is \$1,080,000 per single loss. For claims above the retention limit, the Workers' Compensation Reinsurance Association reimburses MC.

## *University of Minnesota*

The University is self-insured for medical malpractice, general liability, directors and officers liability and automobile liability through RUMINCO, Ltd., a wholly owned single parent captive insurance company. Claims are reported to a third-party administrator, which pays expenses and sets up reserves. The total estimated expense of a claim is estimated and booked as a liability when it is probable a loss has occurred and the amount of the loss can be reasonably estimated in the year in which it is reported. In addition, an actuarial liability is established for incurred, but not reported claims.

The University is also self-insured for workers' compensation through an internally maintained fund, and excess insurance is maintained through the Workers' Compensation Reinsurance Association. The internal fund for workers' compensation is maintained only to fund the current year's expected payouts. Each year, an actuarial estimate of the University's liability for workers' compensation is compiled and recorded, but the liability is not funded in a separate reserve.

The following table presents changes in the balances of claims liabilities during the fiscal years ended December 31, 1998 and 1997 or June 30, 1999 and 1998, as applicable:

	<u>Beginning Claims Liability</u>	<u>Net Additions and Changes in Claims</u>	<u>Payment of Claims</u>	<u>Ending Claims Liability</u>
Metropolitan Council				
Fiscal Year Ended 12/31/97	\$15,151,000	\$5,049,000	\$4,886,000	\$15,314,000
Fiscal Year Ended 12/31/98	\$15,314,000	\$5,649,000	\$5,546,000	\$15,417,000
University of Minnesota – RUMINCO, Ltd.				
Fiscal Year Ended 6/30/98	\$ 7,458,000	\$6,258,000	\$3,165,000	\$10,551,000
Fiscal Year Ended 6/30/99	\$10,551,000	\$4,651,000	\$3,622,000	\$11,580,000
University of Minnesota – Workers' Compensation				
Fiscal Year Ended 6/30/98	\$20,033,000	\$ 869,000	\$3,902,000	\$17,000,000
Fiscal Year Ended 6/30/99	\$17,000,000	\$ 549,000	\$2,849,000	\$14,700,000



## 20. BUDGETARY BASIS VS GAAP

Actual revenues, transfers-in, expenditures, encumbrances and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds. This inequality results primarily from differences in the recognition of accruals, reimbursements, deferred revenue, intrafund and loan transactions, and from the budgetary basis of accounting for encumbrances. On the budgetary basis, encumbrances are recognized as expenditures in the year encumbered, while on the modified accrual basis of accounting, expenditures are recognized when the goods or services are received, regardless of the year encumbered. A reconciliation of the fund balances under the two bases for the General and special revenue funds is provided in the table "Reconciliation of GAAP Basis Fund Balances to Budgetary Basis Fund Balances".

A major difference between GAAP and the budgetary fund balances for special revenue funds is an entity difference for those funds, which do not require legal appropriations. A reconciliation of this entity difference is presented below (in thousands). Other differences in basis of accounting and perspective (fund structure) are included in the subsequent table.

Total GAAP Basis Fund Balances -	
All Special Revenue Funds	\$ 1,199,516
Special Revenue Funds not requiring	
Legal appropriation	<u>(396,508)</u>
Total GAAP Fund Balance -	
Appropriated Special Revenue Funds	<u>\$ 803,008</u>

	Special Revenue Funds									
	General Fund	Trunk Highway	Highway User Tax Distribution	State Airport	Environmental	Solid Waste	Natural Resources	Special Compensation	Health Care Access	Total Special Revenue
GAAP Basis Fund Balances	\$2,031,411	\$ 343,884	\$ 139	\$ 26,030	\$ 23,216	\$ 54,467	\$ 42,428	\$ 1,471	\$ 311,373	\$ 803,008
Less: Reserved Fund Balances	1,490,434	162,584	139	13,704	4,951	-	11,336	613	90,118	283,445
Less: Designated Fund Balances	478,883	16,254	-	2,400	15,927	-	5,101	-	272	39,954
Undesignated Fund Balances	\$ 62,094	\$ 165,046	\$ -	\$ 9,926	\$ 2,338	\$ 54,467	\$ 25,991	\$ 858	\$ 220,983	\$ 479,609
Basis of Accounting Differences										
Revenue Accruals/Adjustments:										
Taxes Receivable	\$ (383,694)	\$ -	\$ (2,184)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (29,236)	\$ (31,420)
Human Services Receivable	(12,624)	-	-	-	-	-	-	-	-	-
Deferred Revenue	128,019	-	-	-	-	-	-	5,687	-	5,687
Other Receivables	(1,618)	-	-	(49)	-	-	(6,224)	-	74	(6,199)
Expenditure Accruals/Adjustments:										
Family Support, Medical Assist., and MAXIS	167,627	-	-	-	-	-	-	-	-	-
Police and Fire Aid	58,205	-	-	-	-	-	-	-	-	-
Community Service Grants	14,787	-	-	-	-	-	-	-	-	-
Education Aids	397,199	-	-	-	-	-	-	-	-	-
Other Payables	61,301	4	-	839	926	(1,462)	-	30,050	-	30,357
Other Financial Sources (Uses):										
Transfers-In	(4,630)	(31,335)	-	-	-	-	(3,022)	-	-	(34,357)
Transfers-Out	-	-	3,140	-	-	-	-	-	-	3,140
Reserved Fund Balances:										
Long-Term Receivables	-	-	-	3,047	-	-	-	-	-	3,047
Fund Structure Differences										
Terminally Funded Pension Plan	7,257	-	-	-	-	-	-	-	-	-
Cambridge Bank Fund Consolidation	(6,604)	-	-	-	-	-	-	-	-	-
Other	(4,787)	-	-	-	-	-	-	-	-	-
Budgetary Basis:										
Undesignated Fund Balances	<u>\$ 482,532</u>	<u>\$ 133,715</u>	<u>\$ 956</u>	<u>\$ 13,763</u>	<u>\$ 3,264</u>	<u>\$ 53,005</u>	<u>\$ 16,745</u>	<u>\$ 36,595</u>	<u>\$ 191,821</u>	<u>\$ 449,864</u>

## 21. SALES TAX REBATE

A sales tax rebate not to exceed \$1.3 billion was approved by the 1999 legislature. The law specifies that the rebate is a reduction of fiscal year 1999 sales tax revenues. The amount necessary to pay the sales tax rebates and interest is appropriated from the General Fund to the Commissioner of Revenue in fiscal year 1999 and is available to claim by taxpayers until June 30, 2001.

In order to calculate the individual taxpayer's rebate, the law specifies that the state will use the 1997 income tax returns to determine the estimated amount of 1999 sales tax paid by individual taxpayers.

Eligible taxpayers for this rebate include either of the following:

- Individuals who filed a 1997 Minnesota income tax return on or before June 15, 1999, and had a tax liability before refundable credits. In addition, these individual must not be claimed as a dependent on a 1997 federal income tax return filed by another person.
- Individuals who had property taxes payable on his or her homestead abated to zero.

This rebate was recorded in the financial statements as reduction of the sales tax revenue and recorded as an additional accounts payable in the General Fund as of June 30, 1999.

The majority of the \$1.3 billion accrued in fiscal year 1999 was issued to the taxpayers in August and September of 1999. Of this amount, approximately \$39 million was collected by the state through revenue recapture programs.

## 22. SUBSEQUENT EVENTS

### Primary Government

On August 9, 1999, \$185,000,000 of general obligation state various purpose bonds were sold at a true interest rate of 5.01 percent. The bonds were issued to finance the cost of capital improvements. These bonds are backed by the full faith and credit and taxing powers of the state of Minnesota.

As required by the constitution and statutes, transfers from the funds presented below were made on November 30, 1999 to the separately invested Debt Service Fund to cover the principal and interest maturing through July 1, 2001 (in thousands):

General	\$255,037
Natural Resources	27
Trunk Highway	3,744
Maximum Effort School Loan	1,720
Colleges and Universities	<u>14,078</u>
Total Transfers to Debt Service	<u>\$274,606</u>

### Component Units

In December 1998, Metropolitan Council (MC, governmental and proprietary fund types) entered into a \$60 million loan agreement with Public Facilities Authority (PFA) on behalf of its environmental services division. In March 1999, MC entered into a \$21 million loan agreement with PFA on behalf of its transportation division. The loans are scheduled for repayment over a period of approximately 20 years.

On August 9, 1999, Housing Finance Authority (proprietary fund type) remarketed \$65,640,000 of convertible option bonds.

On October 4, 1999, Glaxo Wellcome Inc. (Glaxo) agreed to pay the University of Minnesota (U of M) royalties on Glaxo's worldwide sales of Zaigen ®, an antiviral drug used to treat AIDS. The agreement settled a lawsuit brought by the U of M in October 1998, in which it claimed that Zaigen is among several compounds first patented in the 1980s by a U of M professor and subsequently licensed to Glaxo. Under the term of the settlement, Glaxo will pay the U of M a percentage of sales on a sliding fee scale. In addition, the U of M received a one-time payment of \$7.25 million in October 1999.

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Background**

The state and its component units are currently addressing the year 2000 (Y2K) issues relating to its computer systems and other electronic equipment. The Y2K issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond. For many years, programmers eliminated the first two digits from a year when writing programs. For example, programmers would designate January 1, 1965 as "01/01/65" instead of "01/01/1965." On January 1, 2000 at 12:00:01 a.m., the internal clock in computers and other equipment will roll over from "12/31/99" to "01/01/00." Unfortunately, many programs (if not corrected) will not be able to distinguish between the year 2000 and the year 1900. Also, some programs may not be able to recognize that 2000 is a leap year. These issues may cause the programs to process data inaccurately or to stop processing data altogether.

During 1996, the state established the Minnesota Year 2000 Project Office (Project Office) under the Department of Administration to develop and monitor a statewide Y2K effort for Executive Branch agencies. The Project Office worked with agencies to identify various computer systems and pieces of electronic equipment critical to conducting the state's operations and that need to be Y2K compliant. The Project Office is monitoring Y2K compliance efforts at the various agencies on a quarterly basis and is providing assistance and assigning resources to accelerate compliance for all mission-critical systems and equipment. The Project Office is also monitoring and assisting the agencies with efforts to develop contingency plans should Y2K failures adversely affect mission-critical operations. Individual agencies are solely responsible for the Y2K compliance of systems and equipment that are not deemed mission-critical.

### **Stages of Work**

#### **Primary Government**

The Department of Finance in 1995 implemented a new non-Y2K compliant accounting/procurement system referred to as MAPS. The department knew that a new version of the software would have to be put in place to achieve Y2K compliance. In mid-1997, state technical staff, along with the system vendor, American Management Systems, Inc., began a \$6.5 million project to install the new compliant version of the accounting software. The state has completed the validation/testing of the new version of the accounting software and fully implemented the accounting software during fiscal year 1999.

MAPS has many interfaces to other systems, which may have Y2K issues of their own. These include 52 interfaces, which have had identifiable Y2K issues, and five others that are discussed in the following paragraph. Of the 52 interfaces, statistics show Y2K status as follows: 92% implemented, 6% in validation/testing, none in remediation and the remainder in assessment stage. A contingency plan has been developed for the interface in the assessment stage; transactions could be handled manually if necessary.

Five additional interfaces were identified by two state agencies. Both of these agencies have extensive knowledge of these systems and have determined that no modifications are necessary.

The state of Minnesota also has many other computer type systems and other equipment running in state agencies. The Project Office had an initial budget of \$1 million. The scope of the Project Office was originally to engage state agencies in the awareness of Y2K issues and to ensure that each agency moved through the appropriate assessment stages. The 1997 and 1998 legislatures approved an additional \$23 million and \$4.3 million respectively, for Y2K issues and to maintain the Project Office. Those monies are being spent by the agencies ensuring Y2K readiness of their systems.

The state Y2K Project Office is tracking over 1,300 mission-critical applications running in state agencies. As of October 1999, 99 percent of the applications have been tested for Y2K issues and have completed the necessary modifications. The applications not yet compliant reside in agencies that have developed

continuation plans. These agencies include four very small agencies whose transactions can be handled manually if necessary and one agency that is waiting for a federal interface.

The Project Office monitors the majority of the state's agencies. However, the state has one large agency that is monitoring its own Y2K issues. This agency has a full-time project manager and several sub-committees to oversee the Y2K efforts. The administrative systems have been tested and implemented. The project manager is in the process of identifying other mission-critical systems and equipment. The majority of these systems and equipment are in the remediation stage. The remediation stage is expected to be completed by December 1, 1999 and agency plans to complete the validation/testing stage by December 15, 1999. In addition, the project manager is in the process of developing contingency plans to deal with any unexpected problems.

#### **Component Units**

Governmental and Proprietary type component units have evaluated the potential impact of Y2K issues. Of these component units, the statistics are currently showing a Y2K status as follows: 64% implemented, 9% in validation/testing and 27% in remediation stage. The component units that are not yet compliant will not have a material impact on the state.

The University of Minnesota (U of M) began to evaluate the potential impact of Y2K on the U of M systems starting with the critical central administration systems in 1996. A plan was developed to replace the central U of M systems most at risk, which included the various student and human resource management systems, with commercial software. Other central systems, which included payroll and accounting, were remediated and extensively tested. The U of M appointed an oversight committee to provide executive leadership and to monitor the Y2K progress.

The U of M has identified 401 projects, which may have Y2K issues of their own. These projects include 16 projects that remain to be completed. Of these 16 projects, 44% are in the validation/testing stage and 56% are in the remediation stage.

#### **Resources Committed**

As of June 30, 1999, the primary government and its component units have contracted with several vendors for assistance in addressing year 2000 issues as well as the purchase of additional computer hardware and software related to upgrades and the ongoing operations. The amount of those commitments are approximately \$29,000,000 and \$65,000,000 for the primary government and its component units, respectively. The majority of the commitments for the component units represent the replacement or upgrade of the central administrative systems of the U of M.

#### **Uncertainties**

Because of the unprecedented nature of the Y2K issue, the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. The state and its component units cannot assure that it is or will be Y2K ready, that remediation efforts will be successful in whole or in part, or that parties with whom the state and its component units interact will be Y2K ready.

## **Combining Financial Statements**

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## SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for the specific purposes as described below.

The *Trunk Highway Fund* is supported by revenues from the Highway User Tax Distribution Fund and federal grants to provide planning, design, construction and maintenance of the state trunk highway system.

The *Highway User Tax Distribution Fund* receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

The *State Airports Fund* uses revenue from aviation related taxes and fees to provide technical and financial assistance to municipal airports and to promote aviation safety, planning and regulation.

The *Federal Fund* receives and disburses federal government grants and reimbursements. The fund is administered in accordance with grant agreements between the state and federal agencies.

The *Environmental Fund* accounts for activities that monitor and control environmental problems using taxes and fees from activities and industries contributing to environmental problems.

The *Petroleum Tank Cleanup Fund* receives funding from a fee imposed on petroleum distributors for the purpose of reimbursing responsible parties for most of their costs to cleanup environmental contamination from petroleum tanks.

The *Solid Waste Fund* receives funding from a fee imposed on solid waste haulers for the purpose of cleanup of closed municipal landfills.

The *Natural Resources Funds* include three funds created for the purposes of preserving and improving the state's natural resources.

*Minnesota Resources Fund* receives a portion of the cigarette and tobacco taxes which are appropriated for various natural resource development purposes.

The *Natural Resources Fund* receives taxes from fuel used in recreational vehicles, fees and donations which are used to fund management of the related natural resource programs.

*Game and Fish Fund* receives revenues from license fees and fines related to hunting and fishing which are spent for related purposes.

The *Maximum Effort School Loan Fund* receives bond proceeds and reimbursements from school districts to help finance school district construction projects.

The *Special Compensation Fund* receives assessments on all insurers for administration of the state workers compensation program, including enforcement, for reimbursement of certain supplemental benefits, and for payment of claims to employees of uninsured and bankrupt firms.

The *Health Care Access Fund* receives taxes on health service providers and premiums for programs which will help contain the costs of health care, make reforms in health insurance, and provide competitive priced insurance for people unable to obtain affordable coverage.

The *Iron Range Resources and Rehabilitation Fund* receives revenues from taconite taxes which are used to promote economic development in northeastern Minnesota.

The *Miscellaneous Special Revenue Fund* includes numerous smaller accounts whose revenues are dedicated to a variety of specific purposes.

STATE OF MINNESOTA

**SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 1999**  
**(IN THOUSANDS)**

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	FEDERAL	ENVIRONMENTAL	PETROLEUM TANK CLEANUP
<b>ASSETS</b>						
Cash and Cash Equivalents.....	\$ 340,965	\$ 7,165	\$ 24,562	\$ 327	\$ 24,356	\$ 28,728
Investments.....	-	-	-	-	-	-
Accounts Receivable.....	1,669	59,032	318	11,501	467	55
Interfund Receivables.....	37,365	-	-	12,975	-	-
Accrued Investment/Interest Income.....	-	-	-	-	-	-
Federal Aid Receivable.....	27,617	-	-	347,830	-	-
Inventories.....	16,048	-	-	-	-	-
Grant Advances.....	-	-	-	5,757	-	-
Food Stamps.....	-	-	-	28,024	-	-
Loans Receivable.....	-	-	3,048	3,411	629	578
Advances to Other Funds.....	-	-	-	-	-	-
Other Assets.....	-	-	-	152	-	-
<b>Total Assets.....</b>	<b>\$ 423,664</b>	<b>\$ 66,197</b>	<b>\$ 27,928</b>	<b>\$ 409,977</b>	<b>\$ 25,452</b>	<b>\$ 29,361</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable.....	\$ 79,630	\$ 944	\$ 1,898	\$ 311,007	\$ 2,236	\$ 16,498
Interfund Payables.....	-	65,106	-	27,273	-	-
Deferred Revenue.....	150	8	-	63,817	-	-
Due to Component Units.....	-	-	-	-	-	-
Other Liabilities.....	-	-	-	230	-	-
<b>Total Liabilities.....</b>	<b>\$ 79,780</b>	<b>\$ 66,058</b>	<b>\$ 1,898</b>	<b>\$ 402,327</b>	<b>\$ 2,236</b>	<b>\$ 16,498</b>
<b>Fund Balances:</b>						
<b>Reserved Fund Balances:</b>						
Reserved for Encumbrances.....	\$ 61,817	\$ 139	\$ 10,656	\$ -	\$ 4,322	\$ 7,577
Budgetary Reserve.....	-	-	-	-	-	-
Reserved for Inventory.....	16,048	-	-	-	-	-
Reserved for Long-Term Receivables.....	-	-	3,048	3,411	629	578
Reserved for Long-Term Advances.....	-	-	-	-	-	-
Reserved for Long-Term Commitments.....	84,719	-	-	-	-	-
Reserved for Other.....	-	-	-	4,239	-	-
<b>Total Reserved Fund Balances.....</b>	<b>\$ 162,584</b>	<b>\$ 139</b>	<b>\$ 13,704</b>	<b>\$ 7,650</b>	<b>\$ 4,951</b>	<b>\$ 8,155</b>
<b>Unreserved Fund Balances:</b>						
Designated for Appropriation Carryover.....	\$ 16,254	\$ -	\$ 2,400	\$ -	\$ 15,927	\$ -
Designated for Fund Purposes.....	-	-	-	-	-	4,708
Undesignated.....	165,046	-	9,926	-	2,338	-
<b>Total Unreserved Fund Balances.....</b>	<b>\$ 181,300</b>	<b>\$ -</b>	<b>\$ 12,326</b>	<b>\$ -</b>	<b>\$ 18,265</b>	<b>\$ 4,708</b>
<b>Total Fund Balances.....</b>	<b>\$ 343,884</b>	<b>\$ 139</b>	<b>\$ 26,030</b>	<b>\$ 7,650</b>	<b>\$ 23,216</b>	<b>\$ 12,863</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 423,664</b>	<b>\$ 66,197</b>	<b>\$ 27,928</b>	<b>\$ 409,977</b>	<b>\$ 25,452</b>	<b>\$ 29,361</b>



SOLID WASTE	NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL COMPENSATION	HEALTH CARE ACCESS	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS SPECIAL REVENUE	TOTAL
\$ 62,516	\$ 39,369	\$ -	\$ 39,940	\$ 293,462	\$ 54,539	\$ 244,907	\$ 1,160,836
-	-	-	-	-	1,850	-	1,850
3,595	7,790	-	6,103	29,319	297	32,504	152,650
-	3,170	-	-	-	-	15,263	68,773
-	-	-	-	-	-	9	9
-	402	-	-	-	-	-	375,849
-	-	-	-	-	-	-	16,048
-	-	-	-	-	-	-	5,757
-	-	-	-	-	-	-	28,024
-	-	14,221	-	189	6,698	63,783	92,557
-	-	-	-	740	-	-	740
-	-	-	-	-	-	160	312
<u>\$ 66,111</u>	<u>\$ 50,731</u>	<u>\$ 14,221</u>	<u>\$ 46,043</u>	<u>\$ 323,710</u>	<u>\$ 63,384</u>	<u>\$ 356,626</u>	<u>\$ 1,903,405</u>
\$ 892	\$ 8,303	\$ -	\$ 38,885	\$ 3,464	\$ 1,939	\$ 44,129	\$ 509,825
10,752	-	2,189	-	7,300	-	4,816	117,436
-	-	3,791	5,687	804	-	1,372	75,629
-	-	-	-	769	-	-	769
-	-	-	-	-	-	-	230
<u>\$ 11,644</u>	<u>\$ 8,303</u>	<u>\$ 5,980</u>	<u>\$ 44,572</u>	<u>\$ 12,337</u>	<u>\$ 1,939</u>	<u>\$ 50,317</u>	<u>\$ 703,889</u>
\$ -	\$ 11,336	\$ -	\$ 613	\$ 11,094	\$ 20,572	\$ 22,359	\$ 150,485
-	-	-	-	78,095	-	-	78,095
-	-	-	-	-	-	-	16,048
-	-	10,430	-	189	6,389	63,783	88,457
-	-	-	-	740	-	-	740
-	-	-	-	-	-	-	84,719
-	-	-	-	-	708	506	5,453
<u>\$ -</u>	<u>\$ 11,336</u>	<u>\$ 10,430</u>	<u>\$ 613</u>	<u>\$ 90,118</u>	<u>\$ 27,669</u>	<u>\$ 86,648</u>	<u>\$ 423,997</u>
\$ -	\$ 5,101	\$ -	\$ -	\$ 272	\$ 32,096	\$ -	\$ 72,050
-	-	-	-	-	1,680	219,661	226,049
54,467	25,991	(2,189)	858	220,983	-	-	477,420
<u>\$ 54,467</u>	<u>\$ 31,092</u>	<u>\$ (2,189)</u>	<u>\$ 858</u>	<u>\$ 221,255</u>	<u>\$ 33,776</u>	<u>\$ 219,661</u>	<u>\$ 775,519</u>
<u>\$ 54,467</u>	<u>\$ 42,428</u>	<u>\$ 8,241</u>	<u>\$ 1,471</u>	<u>\$ 311,373</u>	<u>\$ 61,445</u>	<u>\$ 306,309</u>	<u>\$ 1,199,516</u>
<u>\$ 66,111</u>	<u>\$ 50,731</u>	<u>\$ 14,221</u>	<u>\$ 46,043</u>	<u>\$ 323,710</u>	<u>\$ 63,384</u>	<u>\$ 356,626</u>	<u>\$ 1,903,405</u>

STATE OF MINNESOTA

**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	STATE AIRPORTS	FEDERAL	ENVIRONMENTAL	PETROLEUM TANK CLEANUP
<b>Net Revenues:</b>						
Motor Vehicle License Taxes.....	\$ -	\$ 554,598	\$ -	\$ -	\$ -	\$ -
Fuel Taxes.....	-	584,616	3,338	-	-	-
Other Taxes.....	-	-	12,475	-	4,382	-
Federal Revenues.....	240,353	-	-	3,456,511	-	-
Licenses and Fees.....	29,625	5,604	761	-	19,140	309
Care and Hospitalization Revenues.....	-	-	-	-	-	-
Tuition and Student Fees.....	-	-	-	-	-	-
Departmental Services.....	2,525	99	-	4,657	56	-
Investment/Interest Income.....	15,699	1,479	1,159	574	906	1,995
Penalties and Fines.....	6,901	534	-	-	4,528	98
Other Revenues.....	16,148	51	389	15,941	98	245
<b>Net Revenues.....</b>	<b>\$ 311,251</b>	<b>\$ 1,146,981</b>	<b>\$ 18,122</b>	<b>\$ 3,477,683</b>	<b>\$ 29,110</b>	<b>\$ 2,647</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Protection of Persons and Property.....	\$ 80,469	\$ 13,653	\$ -	\$ 26,012	\$ 43	\$ -
Transportation.....	413,876	519	6,547	2,074	14	-
Resource Management.....	-	-	-	18,193	21,461	23,721
Economic and Manpower Development.....	735	-	-	76,150	287	-
Education.....	14	-	-	48,502	-	-
Health and Social Services.....	1,134	-	-	196,506	84	-
General Government.....	1,534	2,148	-	7,603	193	131
<b>Total Current Expenditures.....</b>	<b>\$ 497,762</b>	<b>\$ 16,320</b>	<b>\$ 6,547</b>	<b>\$ 375,040</b>	<b>\$ 22,082</b>	<b>\$ 23,852</b>
Capital Outlay.....	469,831	-	-	3,681	112	-
Debt Service.....	5,804	-	-	286	2	-
Grants and Subsidies.....	3,562	-	8,926	3,086,102	1,673	1,999
<b>Total Expenditures.....</b>	<b>\$ 976,959</b>	<b>\$ 16,320</b>	<b>\$ 15,473</b>	<b>\$ 3,465,109</b>	<b>\$ 23,869</b>	<b>\$ 25,851</b>
<b>Excess of Revenues Over (Under) Expenditures.....</b>	<b>\$ (665,708)</b>	<b>\$ 1,130,661</b>	<b>\$ 2,649</b>	<b>\$ 12,574</b>	<b>\$ 5,241</b>	<b>\$ (23,204)</b>
<b>Other Financing Sources (Uses):</b>						
General Obligation Bonds.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers-In.....	680,811	-	61	-	-	-
Operating Transfers to Debt Service.....	(5,149)	-	-	-	-	-
Other Operating Transfers-Out.....	(11)	(1,139,323)	-	(5,601)	-	-
Transfers-Out to Component Units.....	(4,158)	-	-	(6,693)	(680)	-
Capital Leases.....	-	-	-	-	-	-
<b>Net Other Financing Sources (Uses).....</b>	<b>\$ 671,493</b>	<b>\$ (1,139,323)</b>	<b>\$ 61</b>	<b>\$ (12,294)</b>	<b>\$ (680)</b>	<b>\$ -</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....</b>	<b>\$ 5,785</b>	<b>\$ (8,662)</b>	<b>\$ 2,710</b>	<b>\$ 280</b>	<b>\$ 4,561</b>	<b>\$ (23,204)</b>
<b>Fund Balances, Beginning, As Reported.....</b>	<b>\$ 336,370</b>	<b>\$ 8,801</b>	<b>\$ 23,320</b>	<b>\$ 7,370</b>	<b>\$ 18,655</b>	<b>\$ 36,067</b>
Prior Period Adjustment.....	-	-	-	-	-	-
Change in Fund Structure.....	-	-	-	-	-	-
<b>Fund Balances, Beginning, As Restated</b>	<b>\$ 336,370</b>	<b>\$ 8,801</b>	<b>\$ 23,320</b>	<b>\$ 7,370</b>	<b>\$ 18,655</b>	<b>\$ 36,067</b>
Residual Equity Transfers-Out.....	-	-	-	-	-	-
Change in Inventory.....	1,729	-	-	-	-	-
<b>Fund Balances, Ending.....</b>	<b>\$ 343,884</b>	<b>\$ 139</b>	<b>\$ 26,030</b>	<b>\$ 7,650</b>	<b>\$ 23,216</b>	<b>\$ 12,863</b>

SOLID WASTE	NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL COMPENSATION	HEALTH CARE ACCESS	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS SPECIAL REVENUE	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554,598
-	-	-	-	-	-	-	587,954
27,589	6,591	-	106,617	149,143	27,094	34,423	368,314
-	13,844	-	-	-	-	15,723	3,726,431
1,748	52,853	-	-	-	-	74,417	184,457
-	-	-	-	-	-	233	233
-	-	-	-	-	-	15,741	15,741
-	-	-	-	21,620	2,753	90,967	122,677
2,544	1,300	1,577	3,171	15,783	2,862	8,991	58,040
-	-	-	-	-	-	2,838	14,899
417	4,837	-	3,409	3,823	1,176	61,044	107,578
<u>\$ 32,298</u>	<u>\$ 79,425</u>	<u>\$ 1,577</u>	<u>\$ 113,197</u>	<u>\$ 190,369</u>	<u>\$ 33,885</u>	<u>\$ 304,377</u>	<u>\$ 5,740,922</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,078	\$ 132,255
-	-	-	-	-	-	2,878	425,908
17,418	75,590	-	-	-	-	34,129	190,512
-	176	-	22,057	-	11,503	42,720	153,628
-	-	-	-	-	-	34,002	82,518
-	19	-	-	18,684	-	115,209	331,636
601	679	-	6,561	1,892	-	18,488	39,830
<u>\$ 18,019</u>	<u>\$ 76,464</u>	<u>\$ -</u>	<u>\$ 28,618</u>	<u>\$ 20,576</u>	<u>\$ 11,503</u>	<u>\$ 259,504</u>	<u>\$ 1,356,287</u>
19	1,303	-	98	149	890	10,818	486,901
-	-	-	-	916	525	1,480	9,013
-	9,944	18	94,087	139,904	22,470	102,320	3,471,005
<u>\$ 18,038</u>	<u>\$ 87,711</u>	<u>\$ 18</u>	<u>\$ 122,803</u>	<u>\$ 161,545</u>	<u>\$ 35,388</u>	<u>\$ 374,122</u>	<u>\$ 5,323,206</u>
<u>\$ 14,260</u>	<u>\$ (8,286)</u>	<u>\$ 1,559</u>	<u>\$ (9,606)</u>	<u>\$ 28,824</u>	<u>\$ (1,503)</u>	<u>\$ (69,745)</u>	<u>\$ 417,716</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,100	\$ 7,100
-	14,173	-	-	93	665	120,758	816,561
-	(81)	(1,294)	-	-	-	(151)	(6,675)
-	-	-	-	(13,942)	-	(44,135)	(1,203,012)
-	(497)	-	-	(2,537)	-	(1,820)	(16,385)
-	-	-	-	-	-	2,947	2,947
<u>\$ -</u>	<u>\$ 13,595</u>	<u>\$ (1,294)</u>	<u>\$ -</u>	<u>\$ (16,386)</u>	<u>\$ 665</u>	<u>\$ 84,699</u>	<u>\$ (399,464)</u>
<u>\$ 14,260</u>	<u>\$ 5,309</u>	<u>\$ 265</u>	<u>\$ (9,606)</u>	<u>\$ 12,438</u>	<u>\$ (838)</u>	<u>\$ 14,954</u>	<u>\$ 18,252</u>
\$ 40,207	\$ 37,119	\$ 11,069	\$ 11,077	\$ 298,935	\$ 62,283	\$ 272,118	\$ 1,163,391
-	-	(3,093)	-	-	-	22,526	19,433
-	-	-	-	-	-	(289)	(289)
\$ 40,207	\$ 37,119	\$ 7,976	\$ 11,077	\$ 298,935	\$ 62,283	\$ 294,355	\$ 1,182,535
-	-	-	-	-	-	(3,000)	(3,000)
-	-	-	-	-	-	-	1,729
<u>\$ 54,467</u>	<u>\$ 42,428</u>	<u>\$ 8,241</u>	<u>\$ 1,471</u>	<u>\$ 311,373</u>	<u>\$ 61,445</u>	<u>\$ 306,309</u>	<u>\$ 1,199,516</u>

## STATE OF MINNESOTA

**APPROPRIATED SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

	TRUNK HIGHWAY			HIGHWAY USER TAX DISTRIBUTION			STATE AIRPORTS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:									
Motor Vehicle License Taxes.....	\$ -	\$ -	\$ -	\$ 559,886	\$ 555,443	\$ (4,443)	\$ -	\$ -	\$ -
Fuel Taxes.....	-	-	-	575,239	579,764	4,525	4,127	3,338	(789)
Tobacco Taxes.....	-	-	-	-	-	-	-	-	-
Other Taxes.....	-	-	-	-	-	-	10,979	12,475	1,496
Federal Revenues.....	280,213	287,922	7,709	-	-	-	-	-	-
Licenses and Fees.....	-	-	-	-	-	-	-	-	-
Departmental Services.....	35,094	31,963	(3,131)	5,313	5,626	313	980	794	(186)
Investment/Interest Income.....	13,000	15,698	2,698	1,380	1,393	13	1,033	1,160	127
Other Revenues.....	28,975	23,792	(5,183)	938	749	(189)	412	389	(23)
Net Revenues.....	\$ 357,282	\$ 359,375	\$ 2,093	\$ 1,142,756	\$ 1,142,975	\$ 219	\$ 17,531	\$ 18,156	\$ 625
Expenditures:									
Protection of Persons and Property.....	\$ 84,930	\$ 84,229	\$ 701	\$ 13,728	\$ 13,675	\$ 53	\$ -	\$ -	\$ -
Transportation.....	983,879	958,822	25,057	415	415	-	18,257	17,214	1,043
Resource Management.....	-	-	-	-	-	-	-	-	-
Economic and Manpower Development.....	723	723	-	-	-	-	-	-	-
Education.....	35	35	-	-	-	-	-	-	-
Health and Social Services.....	1,775	1,770	5	-	-	-	-	-	-
General Government.....	2,390	1,870	520	2,296	2,212	84	100	-	100
Total Expenditures.....	\$ 1,073,732	\$ 1,047,449	\$ 26,283	\$ 16,439	\$ 16,302	\$ 137	\$ 18,357	\$ 17,214	\$ 1,143
Excess of Revenues Over (Under)									
Expenditures.....	\$ (716,450)	\$ (688,074)	\$ 28,376	\$ 1,126,317	\$ 1,126,673	\$ 356	\$ (826)	\$ 942	\$ 1,768
Other Financing Sources (Uses):									
Operating Transfers-In.....	\$ 649,930	\$ 673,784	\$ 23,854	\$ -	\$ -	\$ -	\$ 61	\$ 61	\$ -
Operating Transfers to Debt Service.....	(5,149)	(5,149)	-	-	-	-	-	-	-
Other Operating Transfers-Out.....	(4,169)	(4,169)	-	(1,127,678)	(1,127,678)	-	-	-	-
Transfers-Out to Component Units.....	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses).....	\$ 640,612	\$ 664,466	\$ 23,854	\$ (1,127,678)	\$ (1,127,678)	\$ -	\$ 61	\$ 61	\$ -
Excess of Revenues and Other Sources Over									
(Under) Expenditures and Other Uses.....	\$ (75,838)	\$ (23,608)	\$ 52,230	\$ (1,361)	\$ (1,005)	\$ 356	\$ (765)	\$ 1,003	\$ 1,768
Fund Balances, Beginning, as Reported.....	174,777	174,777	-	1,959	1,959	-	13,687	13,687	-
Prior Period Adjustments.....	-	1,675	1,675	-	2	2	-	287	287
Total Fund Balances, Ending.....	\$ 98,939	\$ 152,844	\$ 53,905	\$ 598	\$ 956	\$ 358	\$ 12,922	\$ 14,977	\$ 2,055
Less Appropriation Carryover.....	-	19,129	(19,129)	-	-	-	-	1,214	(1,214)
Less Budgetary Reserve.....	-	-	-	-	-	-	-	-	-
Less Reserve for Other.....	-	-	-	-	-	-	-	-	-
Undesignated Fund Balances, Ending.....	\$ 98,939	\$ 133,715	\$ 34,776	\$ 598	\$ 956	\$ 358	\$ 12,922	\$ 13,763	\$ 841

ENVIRONMENTAL			NATURAL RESOURCES			SOLID WASTE		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	7,433	6,591	(842)	-	-	-
3,300	5,396	2,096	-	-	-	22,000	27,750	5,750
-	-	-	14,600	13,844	(756)	-	-	-
-	-	-	52,724	54,702	1,978	180	1,747	1,567
19,790	19,504	(286)	-	-	-	-	-	-
300	877	577	1,127	1,322	195	1,200	2,546	1,346
3,226	3,911	685	1,324	1,445	121	2,009	417	(1,592)
<u>\$ 26,616</u>	<u>\$ 29,688</u>	<u>\$ 3,072</u>	<u>\$ 77,208</u>	<u>\$ 77,904</u>	<u>\$ 696</u>	<u>\$ 25,389</u>	<u>\$ 32,460</u>	<u>\$ 7,071</u>
\$ 43	\$ 43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	15	-	-	-	-	-	-	-
26,086	24,937	1,149	93,041	90,897	2,144	18,804	18,702	102
1,360	1,360	-	287	287	-	-	-	-
-	-	-	250	250	-	-	-	-
240	101	139	19	19	-	-	-	-
195	195	-	498	484	14	800	619	181
<u>\$ 27,939</u>	<u>\$ 26,651</u>	<u>\$ 1,288</u>	<u>\$ 94,095</u>	<u>\$ 91,937</u>	<u>\$ 2,158</u>	<u>\$ 19,604</u>	<u>\$ 19,321</u>	<u>\$ 283</u>
<u>\$ (1,323)</u>	<u>\$ 3,037</u>	<u>\$ 4,360</u>	<u>\$ (16,887)</u>	<u>\$ (14,033)</u>	<u>\$ 2,854</u>	<u>\$ 5,785</u>	<u>\$ 13,139</u>	<u>\$ 7,354</u>
\$ -	\$ -	\$ -	\$ 14,024	\$ 14,055	\$ 31	\$ -	\$ -	\$ -
-	-	-	(81)	(81)	-	-	-	-
-	-	-	-	-	-	-	-	-
(680)	(680)	-	(497)	(497)	-	-	-	-
<u>\$ (680)</u>	<u>\$ (680)</u>	<u>\$ -</u>	<u>\$ 13,446</u>	<u>\$ 13,477</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (2,003)	\$ 2,357	\$ 4,360	\$ (3,441)	\$ (556)	\$ 2,885	\$ 5,785	\$ 13,139	\$ 7,354
16,757	16,757	-	21,473	21,473	-	39,718	39,718	-
-	77	77	1	929	928	-	148	148
\$ 14,754	\$ 19,191	\$ 4,437	\$ 18,033	\$ 21,846	\$ 3,813	\$ 45,503	\$ 53,005	\$ 7,502
-	15,927	(15,927)	-	5,101	(5,101)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 14,754</u>	<u>\$ 3,264</u>	<u>\$ (11,490)</u>	<u>\$ 18,033</u>	<u>\$ 16,745</u>	<u>\$ (1,288)</u>	<u>\$ 45,503</u>	<u>\$ 53,005</u>	<u>\$ 7,502</u>

HEALTH CARE ACCESS			SPECIAL COMPENSATION			COMBINED TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 559,886	\$ 555,443	\$ (4,443)
-	-	-	-	-	-	579,366	583,102	3,736
-	-	-	-	-	-	7,433	6,591	(842)
140,476	144,829	4,353	108,816	110,276	1,460	285,571	300,726	15,155
-	-	-	-	-	-	294,813	301,766	6,953
-	-	-	-	-	-	52,904	56,449	3,545
23,145	24,380	1,235	-	-	-	84,322	82,267	(2,055)
15,755	15,783	28	2,802	3,171	369	36,597	41,950	5,353
-	-	-	-	-	-	36,884	30,703	(6,181)
<u>\$ 179,376</u>	<u>\$ 184,992</u>	<u>\$ 5,616</u>	<u>\$ 111,618</u>	<u>\$ 113,447</u>	<u>\$ 1,829</u>	<u>\$ 1,937,776</u>	<u>\$ 1,958,997</u>	<u>\$ 21,221</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,701	\$ 97,947	\$ 754
-	-	-	-	-	-	1,002,566	976,466	26,100
-	-	-	-	-	-	137,931	134,536	3,395
15,100	15,000	100	123,763	121,344	2,419	141,233	138,714	2,519
-	-	-	-	-	-	285	285	-
159,092	146,906	12,186	-	-	-	161,126	148,796	12,330
4,527	2,927	1,600	6,797	6,589	208	17,603	14,896	2,707
<u>\$ 178,719</u>	<u>\$ 164,833</u>	<u>\$ 13,886</u>	<u>\$ 130,560</u>	<u>\$ 127,933</u>	<u>\$ 2,627</u>	<u>\$ 1,559,445</u>	<u>\$ 1,511,640</u>	<u>\$ 47,805</u>
\$ 657	\$ 20,159	\$ 19,502	\$ (18,942)	\$ (14,486)	\$ 4,456	\$ 378,331	\$ 447,357	\$ 69,026
\$ 93	\$ 93	\$ -	\$ -	\$ -	\$ -	\$ 664,108	\$ 687,993	\$ 23,885
-	-	-	-	-	-	(5,230)	(5,230)	-
(13,792)	(13,792)	-	-	-	-	(1,145,639)	(1,145,639)	-
(2,537)	(2,537)	-	-	-	-	(3,714)	(3,714)	-
<u>\$ (16,236)</u>	<u>\$ (16,236)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (490,475)</u>	<u>\$ (466,590)</u>	<u>\$ 23,885</u>
\$ (15,579)	\$ 3,923	\$ 19,502	\$ (18,942)	\$ (14,486)	\$ 4,456	\$ (112,144)	\$ (19,233)	\$ 92,911
270,499	270,499	-	52,412	52,412	-	591,282	591,282	-
-	(675)	(675)	-	25	25	1	2,468	2,467
\$ 254,920	\$ 273,747	\$ 18,827	\$ 33,470	\$ 37,951	\$ 4,481	\$ 479,139	\$ 574,517	\$ 95,378
-	272	(272)	-	1,356	(1,356)	-	42,999	(42,999)
78,095	78,095	-	-	-	-	78,095	78,095	-
3,559	3,559	-	-	-	-	3,559	3,559	-
<u>\$ 173,266</u>	<u>\$ 191,821</u>	<u>\$ 18,555</u>	<u>\$ 33,470</u>	<u>\$ 36,595</u>	<u>\$ 3,125</u>	<u>\$ 397,485</u>	<u>\$ 449,864</u>	<u>\$ 52,379</u>

# STATE OF MINNESOTA

## NATURAL RESOURCES FUNDS

### COMBINING BALANCE SHEET

JUNE 30, 1999

(IN THOUSANDS)

	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 3,625	\$ 18,409	\$ 17,335	\$ 39,369
Accounts Receivable.....	1,021	352	6,417	7,790
Interfund Receivables.....	-	3,170	-	3,170
Federal Aid Receivable.....	-	-	402	402
<b>Total Assets.....</b>	<b>\$ 4,646</b>	<b>\$ 21,931</b>	<b>\$ 24,154</b>	<b>\$ 50,731</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 986	\$ 1,980	\$ 5,337	\$ 8,303
<b>Total Liabilities.....</b>	<b>\$ 986</b>	<b>\$ 1,980</b>	<b>\$ 5,337</b>	<b>\$ 8,303</b>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances:</b>				
Reserved for Encumbrances.....	\$ 3,969	\$ 4,467	\$ 2,900	\$ 11,336
<b>Total Reserved Fund Balances.....</b>	<b>\$ 3,969</b>	<b>\$ 4,467</b>	<b>\$ 2,900</b>	<b>\$ 11,336</b>
<b>Unreserved Fund Balances:</b>				
Designated for Appropriation Carryover.....	\$ 2,167	\$ 2,897	\$ 37	\$ 5,101
Undesignated.....	(2,476)	12,587	15,880	25,991
<b>Total Unreserved Fund Balances.....</b>	<b>\$ (309)</b>	<b>\$ 15,484</b>	<b>\$ 15,917</b>	<b>\$ 31,092</b>
<b>Total Fund Balances.....</b>	<b>\$ 3,660</b>	<b>\$ 19,951</b>	<b>\$ 18,817</b>	<b>\$ 42,428</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 4,646</b>	<b>\$ 21,931</b>	<b>\$ 24,154</b>	<b>\$ 50,731</b>

STATE OF MINNESOTA

**NATURAL RESOURCES FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

	MINNESOTA RESOURCES	NATURAL RESOURCES	GAME AND FISH	TOTAL
Net Revenues:				
Tobacco Taxes.....	\$ 6,591	\$ -	\$ -	\$ 6,591
Federal Revenues.....	-	-	13,844	13,844
Licenses and Fees.....	-	10,913	41,940	52,853
Investment Income.....	194	277	829	1,300
Other Revenues.....	2	1,204	3,631	4,837
Net Revenues.....	\$ 6,787	\$ 12,394	\$ 60,244	\$ 79,425
Expenditures:				
Current:				
Resource Management.....	\$ 1,452	\$ 17,545	\$ 56,593	\$ 75,590
Economic and Manpower Development.....	176	-	-	176
Health and Social Services.....	19	-	-	19
General Government.....	679	-	-	679
Total Current Expenditures.....	\$ 2,326	\$ 17,545	\$ 56,593	\$ 76,464
Capital Outlay.....	-	343	960	1,303
Grants and Subsidies.....	3,624	5,696	624	9,944
Total Expenditures.....	\$ 5,950	\$ 23,584	\$ 58,177	\$ 87,711
Excess of Revenues Over (Under) Expenditures.....	\$ 837	\$ (11,190)	\$ 2,067	\$ (8,286)
Other Financing Sources (Uses):				
Operating Transfers-In.....	\$ -	\$ 13,669	\$ 504	\$ 14,173
Operating Transfers to Debt Service.....	-	(50)	(31)	(81)
Transfers-Out to Component Units.....	(497)	-	-	(497)
Net Other Financing Sources (Uses).....	\$ (497)	\$ 13,619	\$ 473	\$ 13,595
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 340	\$ 2,429	\$ 2,540	\$ 5,309
Fund Balances, Beginning.....	3,320	17,522	16,277	37,119
Fund Balances, Ending.....	\$ 3,660	\$ 19,951	\$ 18,817	\$ 42,428



STATE OF MINNESOTA

**NATURAL RESOURCES FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

	MINNESOTA RESOURCES			NATURAL RESOURCES		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
License and Fees.....	\$ -	\$ -	\$ -	\$ 9,602	\$ 11,285	\$ 1,683
Tobacco Taxes.....	7,433	6,591	(842)	-	-	-
Federal Revenues.....	-	-	-	-	-	-
Investment Income.....	193	194	1	234	298	64
Other Revenues.....	-	2	2	1,074	1,219	145
Net Revenues.....	\$ 7,626	\$ 6,787	\$ (839)	\$ 10,910	\$ 12,802	\$ 1,892
Expenditures:						
Resource Management.....	\$ 6,700	\$ 6,412	\$ 288	\$ 25,570	\$ 24,824	\$ 746
Economic and Manpower Development.....	287	287	-	-	-	-
Education.....	250	250	-	-	-	-
Health and Social Services.....	19	19	-	-	-	-
General Government.....	448	434	14	50	50	-
Total Expenditures.....	\$ 7,704	\$ 7,402	\$ 302	\$ 25,620	\$ 24,874	\$ 746
Excess of Revenues Over (Under) Expenditures	\$ (78)	\$ (615)	\$ (537)	\$ (14,710)	\$ (12,072)	\$ 2,638
Other Financing Sources (Uses):						
Operating Transfers-In.....	\$ -	\$ -	\$ -	\$ 13,520	\$ 13,551	\$ 31
Operating Transfers to Debt Service.....	-	-	-	(50)	(50)	-
Transfers-Out to Component Units.....	(497)	(497)	-	-	-	-
Net Other Financing Sources (Uses).....	\$ (497)	\$ (497)	\$ -	\$ 13,470	\$ 13,501	\$ 31
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (575)	\$ (1,112)	\$ (537)	\$ (1,240)	\$ 1,429	\$ 2,669
Fund Balances, Beginning, as Reported.....	49	49	-	10,524	10,524	-
Prior Period Adjustments.....	1	754	753	-	24	24
Fund Balances, Ending.....	\$ (525)	\$ (309)	\$ 216	\$ 9,284	\$ 11,977	\$ 2,693
Less Appropriation Carryover.....	-	2,167	(2,167)	-	2,897	(2,897)
Undesignated Fund Balances, Ending.....	\$ (525)	\$ (2,476)	\$ (1,951)	\$ 9,284	\$ 9,080	\$ (204)

GAME AND FISH

BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 43,122	\$ 43,417	\$ 295
-	-	-
14,600	13,844	(756)
700	830	130
250	224	(26)
<u>\$ 58,672</u>	<u>\$ 58,315</u>	<u>\$ (357)</u>
\$ 60,771	\$ 59,661	\$ 1,110
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 60,771</u>	<u>\$ 59,661</u>	<u>\$ 1,110</u>
\$ (2,099)	\$ (1,346)	\$ 753
\$ 504	\$ 504	\$ -
(31)	(31)	-
-	-	-
<u>\$ 473</u>	<u>\$ 473</u>	<u>\$ -</u>
\$ (1,626)	\$ (873)	\$ 753
10,900	10,900	-
-	151	151
<u>\$ 9,274</u>	<u>\$ 10,178</u>	<u>\$ 904</u>
-	37	(37)
<u>\$ 9,274</u>	<u>\$ 10,141</u>	<u>\$ 867</u>

COMBINED TOTALS

BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 52,724	\$ 54,702	\$ 1,978
7,433	6,591	(842)
14,600	13,844	(756)
1,127	1,322	195
1,324	1,445	121
<u>\$ 77,208</u>	<u>\$ 77,904</u>	<u>\$ 696</u>
\$ 93,041	\$ 90,897	\$ 2,144
287	287	-
250	250	-
19	19	-
498	484	14
<u>\$ 94,095</u>	<u>\$ 91,937</u>	<u>\$ 2,158</u>
\$ (16,887)	\$ (14,033)	\$ 2,854
\$ 14,024	\$ 14,055	\$ 31
(81)	(81)	-
(497)	(497)	-
<u>\$ 13,446</u>	<u>\$ 13,477</u>	<u>\$ 31</u>
\$ (3,441)	\$ (556)	\$ 2,885
21,473	21,473	-
1	929	928
<u>\$ 18,033</u>	<u>\$ 21,846</u>	<u>\$ 3,813</u>
-	5,101	(5,101)
<u>\$ 18,033</u>	<u>\$ 16,745</u>	<u>\$ (1,288)</u>

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## CAPITAL PROJECTS FUNDS

These funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and fiduciary funds). Descriptions of individual funds in this fund type follow:

The *General Project Fund* receives monies appropriated from the General Fund for maintenance, building, or capital improvement projects.

The *Transportation Fund* receives proceeds of transportation bonds, General Fund appropriations and federal grants for the construction or reconstruction of state and locally owned bridges.

The *Building Fund* receives revenue from the sale of state bonds to provide funds for the maintenance, acquisition and betterment of state lands and buildings and to make grants and loans to local governments for the acquisition and betterment of other public land and buildings.

# STATE OF MINNESOTA

## CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 1999 (IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 328,298	\$ 8,920	\$ 90,597	\$ 427,815
Accounts Receivable.....	-	-	93	93
Accrued Investment/Interest Income.....	-	-	4	4
Grant Advances.....	9,633	-	-	9,633
Loans Receivable.....	1,844	-	46,354	48,198
Total Assets.....	<u>\$ 339,775</u>	<u>\$ 8,920</u>	<u>\$ 137,048</u>	<u>\$ 485,743</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 13,761	\$ 1,449	\$ 21,055	\$ 36,265
Interfund Payables.....	18,620	16	2,913	21,549
Due to Component Units.....	-	-	20,500	20,500
Total Liabilities.....	<u>\$ 32,381</u>	<u>\$ 1,465</u>	<u>\$ 44,468</u>	<u>\$ 78,314</u>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances:</b>				
Reserved for Encumbrances.....	\$ 34,250	\$ -	\$ -	\$ 34,250
Reserved for Long-Term Receivables.....	1,844	-	46,354	48,198
Reserved for Long-Term Commitments.....	149,491	5,776	45,487	200,754
Total Reserved Fund Balances.....	<u>\$ 185,585</u>	<u>\$ 5,776</u>	<u>\$ 91,841</u>	<u>\$ 283,202</u>
<b>Unreserved Fund Balances:</b>				
Designated for Fund Purpose.....	\$ -	\$ -	\$ 739	\$ 739
Undesignated.....	121,809	1,679	-	123,488
Total Fund Balances.....	<u>\$ 307,394</u>	<u>\$ 7,455</u>	<u>\$ 92,580</u>	<u>\$ 407,429</u>
Total Liabilities and Fund Balances.....	<u>\$ 339,775</u>	<u>\$ 8,920</u>	<u>\$ 137,048</u>	<u>\$ 485,743</u>

# STATE OF MINNESOTA

## CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	TOTAL
Net Revenues:				
Investment/Interest Income.....	\$ -	\$ -	\$ 3,643	\$ 3,643
Other Revenues.....	11	-	603	614
Net Revenues.....	\$ 11	\$ -	\$ 4,246	\$ 4,257
Expenditures:				
Current:				
Protection of Persons and Property.....	\$ 121	\$ -	\$ 45	\$ 166
Transportation.....	704	66	216	986
Resource Management.....	10,255	-	7	10,262
Economic and Manpower Development.....	-	-	1,565	1,565
Education.....	17,593	-	677	18,270
Health and Social Services.....	-	-	172	172
General Government.....	20,326	-	17,636	37,962
Total Current Expenditures.....	\$ 48,999	\$ 66	\$ 20,318	\$ 69,383
Capital Outlay.....	8,439	-	123,941	132,380
Debt Service.....	482	-	-	482
Grants and Subsidies.....	44,915	9,878	68,978	123,771
Total Expenditures.....	\$ 102,835	\$ 9,944	\$ 213,237	\$ 326,016
Excess of Revenues Over (Under) Expenditures.....	\$ (102,824)	\$ (9,944)	\$ (208,991)	\$ (321,759)
Other Financing Sources (Uses):				
General Obligation Bonds.....	\$ -	\$ 3,945	\$ 191,555	\$ 195,500
Operating Transfers-In.....	159,617	-	-	159,617
Operating Transfers to Debt Service.....	-	(4)	(6,296)	(6,300)
Other Operating Transfers-Out.....	-	(1,563)	-	(1,563)
Transfers-Out to Component Units.....	(34,654)	-	(68,614)	(103,268)
Net Other Financing Sources (Uses).....	\$ 124,963	\$ 2,378	\$ 116,645	\$ 243,986
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 22,139	\$ (7,566)	\$ (92,346)	\$ (77,773)
Fund Balances, Beginning, As Reported.....	\$ 285,255	\$ 15,021	\$ 213,001	\$ 513,277
Prior Period Adjustment.....	-	-	(28,075)	(28,075)
Fund Balances, Beginning, As Restated.....	\$ 285,255	\$ 15,021	\$ 184,926	\$ 485,202
Fund Balances, Ending.....	\$ 307,394	\$ 7,455	\$ 92,580	\$ 407,429

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## ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges; or where the state has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Individual enterprise funds are described below.

The *State Colleges and Universities Revenue Fund* constructs, maintains and operates college buildings for residence hall, student union or food service purposes.

The *State Lottery Fund* accounts for the operations of the state lottery. The net proceeds are transferred to the Environment and Natural Resources Trust Fund (40 percent), with the remainder transferred to the Cambridge Bank Fund.

The *College and University Enterprise Activities Fund* includes the auxiliary enterprises and student loan programs operated by the state universities, community and technical colleges.

The *Minnesota Correctional Industries Fund* facilitates prisoner rehabilitation by providing facilities and assistance for manufacturing and marketing goods to the general public.

The *Chemical Dependency Treatment Fund* accounts for the activity of state regional treatment centers for chemical dependency treatment services.

The *Public Employees Insurance Fund* provides life insurance and hospital, medical, and dental benefit coverage to public employees and other eligible persons.

The *Private Employers Insurance Fund* provides group health insurance coverage for small business employers.

The *State Operated Community Services Fund* provides waiver residential and day treatment and rehabilitation services for individuals with developmental disabilities.

The *Enterprise Activities Fund* includes various minor activities providing services to the general public or local governmental units.



# STATE OF MINNESOTA

## ENTERPRISE FUNDS COMBINING BALANCE SHEET JUNE 30, 1999 (IN THOUSANDS)

	STATE COLLEGES AND UNIVERSITIES REVENUE	STATE LOTTERY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 625	\$ 17,997	\$ 19,642	\$ 5,476
Investments.....	23,575	-	6,175	-
Accounts Receivable.....	1,113	10,889	4,390	2,459
Interfund Receivables.....	740	-	60	-
Accrued Investment/Interest Income.....	690	101	8	-
Inventories.....	-	637	7,039	6,875
Deferred Costs.....	566	28	385	-
Restricted Assets:				
Investments.....	15,601	3,003	-	-
Loans Receivable.....	-	-	34,803	-
Fixed Assets (Net).....	73,997	4,812	3,697	2,371
Other Assets.....	-	-	431	315
<b>Total Assets.....</b>	<b>\$ 116,907</b>	<b>\$ 37,467</b>	<b>\$ 76,630</b>	<b>\$ 17,496</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ -	\$ 18,468	\$ 2,720	\$ 927
Interfund Payables.....	-	14,551	-	-
Deferred Revenue.....	1,649	265	996	-
Payable from Restricted Assets:				
Revenue Bonds Payable.....	665	-	-	-
Other Payable.....	4,229	3,221	-	-
General Obligation Bonds Payable.....	-	-	-	-
Notes Payable.....	-	-	514	14
Revenue Bonds Payable.....	27,390	-	1,625	-
Compensated Absences Payable.....	-	962	608	912
Advances from Other Funds.....	-	-	-	-
Other Liabilities.....	-	-	646	36
<b>Total Liabilities.....</b>	<b>\$ 33,933</b>	<b>\$ 37,467</b>	<b>\$ 7,109</b>	<b>\$ 1,889</b>
<b>Fund Equity:</b>				
Contributed Capital.....	\$ 1,561	\$ -	\$ -	\$ 6,577
Reserved Retained Earnings:				
Reserved for Debt Requirements.....	\$ 11,137	\$ -	\$ -	\$ -
<b>Total Reserved Retained Earnings.....</b>	<b>\$ 11,137</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Unreserved Retained Earnings.....	70,276	-	69,521	9,030
<b>Total Retained Earnings.....</b>	<b>\$ 81,413</b>	<b>\$ -</b>	<b>\$ 69,521</b>	<b>\$ 9,030</b>
<b>Total Fund Equity.....</b>	<b>\$ 82,974</b>	<b>\$ -</b>	<b>\$ 69,521</b>	<b>\$ 15,607</b>
<b>Total Liabilities and Fund Equity.....</b>	<b>\$ 116,907</b>	<b>\$ 37,467</b>	<b>\$ 76,630</b>	<b>\$ 17,496</b>

CHEMICAL DEPENDENCY TREATMENT	PUBLIC EMPLOYEES INSURANCE	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ 3,332	\$ 5,746	\$ 864	\$ 3,281	\$ 11,058	\$ 68,021
-	-	-	-	-	29,750
3,474	217	-	116	2,853	25,511
-	-	-	28	4,230	5,058
-	-	-	-	-	799
-	-	-	825	-	15,376
-	-	-	4	-	983
-	-	-	-	-	18,604
-	-	-	-	-	34,803
233	4	-	251	5,744	91,109
65	-	-	-	128	939
<u>\$ 7,104</u>	<u>\$ 5,967</u>	<u>\$ 864</u>	<u>\$ 4,505</u>	<u>\$ 24,013</u>	<u>\$ 290,953</u>
\$ 676	\$ 1,058	\$ 121	\$ 1,006	\$ 2,467	\$ 27,443
-	-	-	-	-	14,551
-	499	-	183	-	3,592
-	-	-	-	-	665
-	-	-	-	-	7,450
-	-	-	-	4,790	4,790
-	-	-	-	-	528
-	-	-	-	-	29,015
684	10	3	201	3,213	6,593
-	-	740	-	-	740
-	-	-	-	1,726	2,408
<u>\$ 1,360</u>	<u>\$ 1,567</u>	<u>\$ 864</u>	<u>\$ 1,390</u>	<u>\$ 12,196</u>	<u>\$ 97,775</u>
\$ 5,462	\$ -	\$ -	\$ 769	\$ 11,105	\$ 25,474
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,137
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,137
282	4,400	-	2,346	712	156,567
<u>\$ 282</u>	<u>\$ 4,400</u>	<u>\$ -</u>	<u>\$ 2,346</u>	<u>\$ 712</u>	<u>\$ 167,704</u>
\$ 5,744	\$ 4,400	\$ -	\$ 3,115	\$ 11,817	\$ 193,178
<u>\$ 7,104</u>	<u>\$ 5,967</u>	<u>\$ 864</u>	<u>\$ 4,505</u>	<u>\$ 24,013</u>	<u>\$ 290,953</u>

# STATE OF MINNESOTA

## ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	STATE COLLEGES AND UNIVERSITIES REVENUE	STATE LOTTERY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES
Operating Revenues:				
Net Sales.....	\$ -	\$ 364,661	\$ 52,701	\$ 17,941
Interest Income.....	-	-	1,283	-
Rental and Service Fees.....	46,003	-	5,501	510
Insurance Premiums.....	-	-	-	-
Other Income.....	-	-	839	18
Total Operating Revenues.....	\$ 46,003	\$ 364,661	\$ 60,324	\$ 18,469
Less: Cost of Goods Sold.....	-	262,080	35,162	15,355
Gross Margin.....	\$ 46,003	\$ 102,581	\$ 25,162	\$ 3,114
Operating Expenses:				
Purchased Services.....	\$ 12,603	\$ 31,260	\$ 8,036	\$ 50
Salaries and Fringe Benefits.....	24,580	10,277	8,888	3,316
Claims.....	-	-	-	-
Depreciation.....	5,509	1,468	140	451
Amortization.....	25	-	-	-
Supplies and Materials.....	3,266	812	-	219
Indirect Costs.....	-	-	-	316
Other Expenses.....	-	406	3,877	521
Total Operating Expenses.....	\$ 45,983	\$ 44,223	\$ 20,941	\$ 4,873
Operating Income (Loss).....	\$ 20	\$ 58,358	\$ 4,221	\$ (1,759)
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ 2,854	\$ 1,668	\$ 1,115	\$ 276
Grants and Subsidies.....	-	-	211	-
Other Nonoperating Revenues.....	-	365	1	547
Interest and Financing Costs.....	(1,888)	-	(190)	-
Grants, Aids and Subsidies.....	-	-	(566)	-
Gain (Loss) on Sale of Fixed Assets.....	-	-	-	(49)
Total Nonoperating Revenues (Expenses).....	\$ 966	\$ 2,033	\$ 571	\$ 774
Income (Loss) Before Operating Transfers.....	\$ 986	\$ 60,391	\$ 4,792	\$ (985)
Operating Transfers-In.....	-	-	-	3,348
Operating Transfers-Out.....	-	(60,391)	(2,834)	-
Net Income (Loss).....	\$ 986	\$ -	\$ 1,958	\$ 2,363
Depreciation on Fixed Assets Acquired with Contributed Capital.....	352	-	-	-
Increase (Decrease) in Retained Earnings.....	\$ 1,338	\$ -	\$ 1,958	\$ 2,363
Retained Earnings, Beginning, As Reported.....	80,075	-	67,563	6,667
Prior Period Adjustment.....	-	-	-	-
Retained Earnings, Beginning, As Restated.....	\$ 80,075	\$ -	\$ 67,563	\$ 6,667
Retained Earnings, Ending.....	\$ 81,413	\$ -	\$ 69,521	\$ 9,030

<u>CHEMICAL DEPENDENCY TREATMENT</u>	<u>PUBLIC EMPLOYEES INSURANCE</u>	<u>PRIVATE EMPLOYERS INSURANCE</u>	<u>ENTERPRISE ACTIVITIES</u>	<u>STATE OPERATED COMMUNITY SERVICES</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ 2,600	\$ 35,979	\$ 473,882
-	-	-	-	-	1,283
13,465	-	-	1,506	417	67,402
-	7,483	53	-	-	7,536
-	347	-	-	-	1,204
<u>\$ 13,465</u>	<u>\$ 7,830</u>	<u>\$ 53</u>	<u>\$ 4,106</u>	<u>\$ 36,396</u>	<u>\$ 551,307</u>
-	-	-	905	-	313,502
<u>\$ 13,465</u>	<u>\$ 7,830</u>	<u>\$ 53</u>	<u>\$ 3,201</u>	<u>\$ 36,396</u>	<u>\$ 237,805</u>
\$ 596	\$ 1,911	\$ 125	\$ 912	\$ 3,020	\$ 58,513
10,864	141	45	1,700	29,615	89,426
-	5,939	53	-	-	5,992
58	4	1	67	660	8,358
-	-	-	-	-	25
769	2	-	125	1,080	6,273
593	6	9	131	1,579	2,634
215	37	5	66	632	5,759
<u>\$ 13,095</u>	<u>\$ 8,040</u>	<u>\$ 238</u>	<u>\$ 3,001</u>	<u>\$ 36,586</u>	<u>\$ 176,980</u>
\$ 370	\$ (210)	\$ (185)	\$ 200	\$ (190)	\$ 60,825
\$ 189	\$ 267	\$ 50	\$ -	\$ -	\$ 6,419
-	-	-	20	-	231
-	-	-	-	-	913
-	-	-	-	(254)	(2,332)
-	-	-	-	-	(566)
-	-	-	-	-	(49)
<u>\$ 189</u>	<u>\$ 267</u>	<u>\$ 50</u>	<u>\$ 20</u>	<u>\$ (254)</u>	<u>\$ 4,616</u>
\$ 559	\$ 57	\$ (135)	\$ 220	\$ (444)	\$ 65,441
-	750	150	-	1,156	5,404
-	-	-	(21)	-	(63,246)
<u>\$ 559</u>	<u>\$ 807</u>	<u>\$ 15</u>	<u>\$ 199</u>	<u>\$ 712</u>	<u>\$ 7,599</u>
-	-	-	-	-	352
\$ 559	\$ 807	\$ 15	\$ 199	\$ 712	\$ 7,951
(357)	3,593	(15)	2,147	-	159,673
80	-	-	-	-	80
<u>\$ (277)</u>	<u>\$ 3,593</u>	<u>\$ (15)</u>	<u>\$ 2,147</u>	<u>\$ -</u>	<u>\$ 159,753</u>
<u>\$ 282</u>	<u>\$ 4,400</u>	<u>\$ -</u>	<u>\$ 2,346</u>	<u>\$ 712</u>	<u>\$ 167,704</u>

# STATE OF MINNESOTA

## ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	STATE COLLEGES AND UNIVERSITIES REVENUE	STATE LOTTERY	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES
Cash Flows from Operating Activities:				
Operating Income (Loss).....	\$ 20	\$ 58,358	\$ 4,221	\$ (1,759)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation.....	\$ 5,509	\$ 1,468	\$ 140	\$ 451
Amortization.....	25	-	-	-
Write-off of Equipment.....	-	-	-	22
Loan Principal Repayments.....	-	-	4,119	-
Loans Issued.....	-	-	(4,580)	-
Provision for Loan Defaults.....	90	-	300	-
Net Nonoperating Revenues (Expenses).....	-	365	-	547
Change in Assets and Liabilities:				
Accounts Receivable.....	(305)	(7,403)	937	340
Inventories.....	-	(15)	(569)	(1,046)
Other Assets.....	(740)	1	(697)	(6)
Accounts Payable.....	478	3,223	(121)	(773)
Compensated Absences Payable.....	(81)	85	(173)	(85)
Deferred Revenues.....	308	61	883	-
Other Liabilities.....	-	417	497	17
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 5,284	\$ (1,798)	\$ 736	\$ (533)
Net Cash Flows from Operating Activities.....	\$ 5,304	\$ 56,560	\$ 4,957	\$ (2,292)
Cash Flows from Noncapital Financing Activities:				
Grant Receipts.....	\$ -	\$ -	\$ 204	\$ -
Grant Disbursements.....	-	-	(566)	-
Transfers-In.....	-	-	1,166	3,348
Transfers-Out.....	-	(58,874)	(2,873)	-
Advances from Other Funds.....	-	-	-	4
Advances To Other Funds.....	-	-	-	-
Net Cash Flows from Noncapital Financing Activities.....	\$ -	\$ (58,874)	\$ (2,069)	\$ 3,352
Cash Flows from Capital and Related Financing Activities:				
Investment in Fixed Assets.....	\$ (7,565)	\$ (1,548)	\$ (576)	\$ (451)
Proceeds of Capital Loan.....	-	-	86	-
Repayment of Bond Principal.....	(2,185)	-	(95)	-
Interest Paid.....	(1,888)	-	(189)	-
Net Cash Flows from Capital and Related Financing Activities.....	\$ (11,638)	\$ (1,548)	\$ (774)	\$ (451)
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments.....	\$ 337,324	\$ 231	\$ -	\$ -
Purchase of Investments.....	(334,528)	-	(5,920)	-
Investment Earnings.....	2,771	1,756	967	276
Net Cash Flows from Investing Activities.....	\$ 5,567	\$ 1,987	\$ (4,953)	\$ 276
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (767)	\$ (1,875)	\$ (2,839)	\$ 885
Cash and Cash Equivalents, Beginning, As Reported.....	\$ 1,392	\$ 19,872	\$ 22,481	\$ 4,591
Change in Fund Structure.....	-	-	-	-
Cash and Cash Equivalents, Beginning, As Restated.....	\$ 1,392	\$ 19,872	\$ 22,481	\$ 4,591
Cash and Cash Equivalents, Ending.....	\$ 625	\$ 17,997	\$ 19,642	\$ 5,476

CHEMICAL DEPENDENCY TREATMENT	PUBLIC EMPLOYEES INSURANCE	PRIVATE EMPLOYERS INSURANCE	ENTERPRISE ACTIVITIES	STATE OPERATED COMMUNITY SERVICES	TOTAL
\$ 370	\$ (210)	\$ (185)	\$ 200	\$ (190)	\$ 60,825
\$ 58	\$ 4	\$ 1	\$ 67	\$ 660	\$ 8,358
-	-	-	-	-	25
-	-	-	-	-	22
-	-	-	-	-	4,119
-	-	-	-	-	(4,580)
-	-	-	-	-	390
-	-	-	-	-	912
(310)	153	-	69	(144)	(6,663)
-	-	-	(141)	-	(1,771)
4	-	-	3	13	(1,422)
348	64	103	405	2,359	6,086
(18)	4	(3)	11	447	187
-	499	-	8	-	1,759
-	-	-	-	1,740	2,671
\$ 82	\$ 724	\$ 101	\$ 422	\$ 5,075	\$ 10,093
\$ 452	\$ 514	\$ (84)	\$ 622	\$ 4,885	\$ 70,918
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204
-	-	-	-	-	(566)
-	750	-	34	1,156	6,454
-	-	-	-	-	(61,747)
-	16	-	-	-	20
-	-	(16)	(33)	-	(49)
\$ -	\$ 766	\$ (16)	\$ 1	\$ 1,156	\$ (55,684)
\$ (69)	\$ -	\$ -	\$ (20)	\$ (1,140)	\$ (11,369)
-	-	-	-	-	86
-	-	-	-	(178)	(2,458)
-	-	-	-	(250)	(2,327)
\$ (69)	\$ -	\$ -	\$ (20)	\$ (1,568)	\$ (16,068)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,555
-	-	-	-	-	(340,448)
189	267	49	-	-	6,275
\$ 189	\$ 267	\$ 49	\$ -	\$ -	\$ 3,382
\$ 572	\$ 1,547	\$ (51)	\$ 603	\$ 4,473	\$ 2,548
\$ 2,760	\$ 4,199	\$ 915	\$ 2,678	\$ -	\$ 58,888
-	-	-	-	6,585	6,585
\$ 2,760	\$ 4,199	\$ 915	\$ 2,678	\$ 6,585	\$ 65,473
\$ 3,332	\$ 5,746	\$ 864	\$ 3,281	\$ 11,058	\$ 68,021

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## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by one state agency to other state agencies on a cost-reimbursement basis. Descriptions of individual funds in this category are presented below.

The *Intertechnologies Fund* accounts for the operation of statewide communication and information systems.

The *Central Stores Fund* accounts for the operation of centralized supplies purchasing, storage and distribution.

The *State Printer Fund* accounts for the operation of print shops.

The *Central Motor Pool Fund* accounts for the operation of a fleet of passenger vehicles and the state vehicle maintenance garage.

The *Plant Management Fund* accounts for the cost of maintenance and operation of state owned buildings and grounds in the capitol complex.

The *Employee Insurance Fund* accounts for employee health and life insurance premiums and makes payments based on insurance benefits provided to employees.

The *Risk Management Fund* accounts for the providing of liability insurance, primarily automobile, to state agencies.

The *Central Services Fund* accounts for miscellaneous centralized support services provided to state agencies.



# STATE OF MINNESOTA

## INTERNAL SERVICE FUNDS COMBINING BALANCE SHEET

JUNE 30, 1999

(IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 14,013	\$ 315	\$ 1,490	\$ 1,000
Investments.....	-	-	-	-
Accounts Receivable.....	10,880	1,068	665	933
Interfund Receivables.....	-	-	28	-
Accrued Investment/Interest Income.....	-	-	-	-
Inventories.....	-	760	139	35
Prepaid Expenses.....	268	-	38	-
Fixed Assets (Net).....	15,004	14	929	15,667
Total Assets.....	<u>\$ 40,165</u>	<u>\$ 2,157</u>	<u>\$ 3,289</u>	<u>\$ 17,635</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 9,445	\$ 825	\$ 491	\$ 432
Interfund Payables.....	-	-	-	640
Deferred Revenue.....	567	-	1	434
Loans Payable.....	16,475	-	296	11,110
Compensated Absences Payable.....	1,777	86	256	69
Advances from Other Funds.....	-	-	-	3,100
Total Liabilities.....	<u>\$ 28,264</u>	<u>\$ 911</u>	<u>\$ 1,044</u>	<u>\$ 15,785</u>
<b>Fund Equity:</b>				
Contributed Capital.....	\$ 2,348	\$ 691	\$ 1,432	\$ 502
<b>Retained Earnings:</b>				
Reserved for Claims.....	\$ -	\$ -	\$ -	\$ -
Unreserved.....	9,553	555	813	1,348
Total Retained Earnings.....	<u>\$ 9,553</u>	<u>\$ 555</u>	<u>\$ 813</u>	<u>\$ 1,348</u>
Total Fund Equity.....	<u>\$ 11,901</u>	<u>\$ 1,246</u>	<u>\$ 2,245</u>	<u>\$ 1,850</u>
Total Liabilities and Fund Equity.....	<u>\$ 40,165</u>	<u>\$ 2,157</u>	<u>\$ 3,289</u>	<u>\$ 17,635</u>

PLANT MANAGEMENT	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTAL
\$ 6,804	\$ 59,985	\$ 10,541	\$ 1,179	\$ 95,327
-	15,090	-	-	15,090
715	18,548	53	1,155	34,017
-	-	-	-	28
-	259	-	-	259
235	-	-	29	1,198
-	-	114	-	420
2,442	149	-	228	34,433
<u>\$ 10,196</u>	<u>\$ 94,031</u>	<u>\$ 10,708</u>	<u>\$ 2,591</u>	<u>\$ 180,772</u>
\$ 2,000	\$ 33,979	\$ 6,234	\$ 401	\$ 53,807
-	-	-	56	696
-	-	133	2	1 137
1,637	-	-	153	29,671
787	186	37	328	3,526
-	-	-	-	3,100
<u>\$ 4,424</u>	<u>\$ 34,165</u>	<u>\$ 6,404</u>	<u>\$ 940</u>	<u>\$ 91,937</u>
\$ 664	\$ -	\$ -	\$ 427	\$ 6,064
\$ -	\$ 59,866	\$ 4,304	\$ -	\$ 64,170
5,108	-	-	1,224	18,601
<u>\$ 5,108</u>	<u>\$ 59,866</u>	<u>\$ 4,304</u>	<u>\$ 1,224</u>	<u>\$ 82,771</u>
<u>\$ 5,772</u>	<u>\$ 59,866</u>	<u>\$ 4,304</u>	<u>\$ 1,651</u>	<u>\$ 88,835</u>
<u>\$ 10,196</u>	<u>\$ 94,031</u>	<u>\$ 10,708</u>	<u>\$ 2,591</u>	<u>\$ 180,772</u>

# STATE OF MINNESOTA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Operating Revenues:				
Net Sales.....	\$ -	\$ 7,979	\$ 6,599	\$ -
Rental and Service Fees.....	74,713	-	-	8,603
Insurance Premiums.....	-	-	-	-
Other Income.....	285	-	1	240
Total Operating Revenues.....	\$ 74,998	\$ 7,979	\$ 6,600	\$ 8,843
Less: Cost of Goods Sold.....	-	6,315	5,254	-
Gross Margin.....	\$ 74,998	\$ 1,664	\$ 1,346	\$ 8,843
Operating Expenses:				
Purchased Services.....	\$ 44,526	\$ 557	\$ 340	\$ 1,444
Salaries and Fringe Benefits.....	14,976	628	817	892
Claims.....	-	-	-	-
Depreciation.....	9,646	9	70	4,526
Amortization.....	284	-	-	-
Supplies and Materials.....	2,184	19	105	1,850
Indirect Costs.....	644	85	70	206
Other Expenses.....	550	-	-	-
Total Operating Expenses.....	\$ 72,810	\$ 1,298	\$ 1,402	\$ 8,918
Operating Income (Loss).....	\$ 2,188	\$ 366	\$ (56)	\$ (75)
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ 799	\$ -	\$ 8	\$ 547
Other Nonoperating Revenues.....	-	-	-	-
Interest and Financing Costs.....	(822)	-	(7)	(561)
Rebate Costs.....	(2,500)	-	-	-
Gain (Loss) on Sale of Fixed Assets.....	215	-	20	239
Net Nonoperating Revenues (Expenses).....	\$ (2,308)	\$ -	\$ 21	\$ 225
Income (Loss) Before Operating Transfers.....	\$ (120)	\$ 366	\$ (35)	\$ 150
Operating Transfers-Out.....	-	-	-	-
Net Income (Loss).....	\$ (120)	\$ 366	\$ (35)	\$ 150
Retained Earnings, Beginning.....	\$ 9,673	\$ 189	\$ 848	\$ 1,198
Retained Earnings, Ending.....	\$ 9,553	\$ 555	\$ 813	\$ 1,348

PLANT MANAGEMENT	EMPLOYEE INSURANCE	RISK MANAGEMENT	CENTRAL SERVICES	TOTAL
\$ -	\$ -	\$ -	\$ 7,841	\$ 22,419
31,068	-	-	-	114,384
-	286,196	6,491	-	292,687
692	3,990	7	-	5,215
<u>\$ 31,760</u>	<u>\$ 290,186</u>	<u>\$ 6,498</u>	<u>\$ 7,841</u>	<u>\$ 434,705</u>
-	-	-	201	11,770
<u>\$ 31,760</u>	<u>\$ 290,186</u>	<u>\$ 6,498</u>	<u>\$ 7,640</u>	<u>\$ 422,935</u>
\$ 8,585	\$ 133,358	\$ 2,100	\$ 3,093	\$ 194,003
9,449	1,891	375	3,646	32,674
-	162,544	2,210	-	164,754
586	48	-	72	14,957
41	-	-	-	325
1,659	63	26	122	6,028
899	155	25	117	2,201
100	1,053	11	56	1,770
<u>\$ 21,319</u>	<u>\$ 299,112</u>	<u>\$ 4,747</u>	<u>\$ 7,106</u>	<u>\$ 416,712</u>
\$ 10,441	\$ (8,926)	\$ 1,751	\$ 534	\$ 6,223
\$ 19	\$ 5,155	\$ 578	\$ 9	\$ 7,115
678	-	-	27	705
(22)	-	-	(9)	(1,421)
-	-	(841)	-	(3,341)
7	-	-	-	481
<u>\$ 682</u>	<u>\$ 5,155</u>	<u>\$ (263)</u>	<u>\$ 27</u>	<u>\$ 3,539</u>
\$ 11,123	\$ (3,771)	\$ 1,488	\$ 561	\$ 9,762
(11,433)	-	-	-	(11,433)
<u>\$ (310)</u>	<u>\$ (3,771)</u>	<u>\$ 1,488</u>	<u>\$ 561</u>	<u>\$ (1,671)</u>
\$ 5,418	\$ 63,637	\$ 2,816	\$ 663	\$ 84,442
<u>\$ 5,108</u>	<u>\$ 59,866</u>	<u>\$ 4,304</u>	<u>\$ 1,224</u>	<u>\$ 82,771</u>

# STATE OF MINNESOTA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	INTER- TECHNOLOGIES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Cash Flows from Operating Activities:				
Operating Income (Loss).....	\$ 2,188	\$ 366	\$ (56)	\$ (75)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation.....	\$ 9,646	\$ 9	\$ 200	\$ 4,526
Amortization.....	284	-	-	-
Change in Assets and Liabilities:				
Accounts Receivable.....	(370)	(456)	100	202
Inventories.....	-	40	178	(6)
Other Assets.....	(121)	-	(38)	-
Accounts Payable.....	1,882	293	146	48
Compensated Absences Payable.....	299	2	16	2
Deferred Revenues.....	512	(1)	(18)	(131)
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 12,132	\$ (113)	\$ 584	\$ 4,641
Net Cash Flows from Operating Activities.....	\$ 14,320	\$ 253	\$ 528	\$ 4,566
Cash Flows from Noncapital Financing Activities:				
Grant Receipts.....	\$ -	\$ -	\$ -	\$ -
Transfers-Out.....	-	-	-	-
Advances to Other Funds.....	-	-	(33)	-
Advances from Other Funds.....	-	-	-	6,300
Repayments of Advances to Other Funds.....	-	-	30	-
Repayments of Advances from Other Funds.....	-	-	-	(6,240)
Rebate Costs.....	-	-	-	-
Net Cash Flows from Noncapital Financing Activities.....	\$ -	\$ -	\$ (3)	\$ 60
Cash Flows from Capital and Related Financing Activities:				
Investment in Fixed Assets.....	\$ (11,362)	\$ -	\$ (784)	\$ (7,040)
Proceeds from the Sale of Fixed Assets.....	1	-	25	1,073
Investment Leasehold Improvements.....	(58)	-	-	-
Capital Lease Payments.....	73	-	-	-
Proceeds from Loans.....	10,909	-	339	7,154
Repayment of Loan Principal.....	(9,749)	-	(43)	(5,868)
Interest Paid.....	(825)	-	(5)	(561)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (11,011)	\$ -	\$ (468)	\$ (5,242)
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments.....	\$ -	\$ -	\$ -	\$ -
Investment Earnings.....	796	-	8	547
Net Cash Flows from Investing Activities.....	\$ 796	\$ -	\$ 8	\$ 547
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 4,105	\$ 253	\$ 65	\$ (69)
Cash and Cash Equivalents, Beginning.....	\$ 9,908	\$ 62	\$ 1,425	\$ 1,069
Cash and Cash Equivalents, Ending.....	\$ 14,013	\$ 315	\$ 1,490	\$ 1,000

<u>PLANT MANAGEMENT</u>	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>CENTRAL SERVICES</u>	<u>TOTAL</u>
\$ 10,441	\$ (8,926)	\$ 1,751	\$ 534	\$ 6,223
\$ 586	\$ 48	\$ -	\$ 72	\$ 15,087
41	-	-	-	325
2,984	(3,311)	12	(171)	(1,010)
(4)	-	-	6	214
-	-	148	-	(11)
883	5,360	(417)	96	8,291
32	5	5	(4)	357
-	-	11	-	373
\$ 4,522	\$ 2,102	\$ (241)	\$ (1)	\$ 23,626
\$ 14,963	\$ (6,824)	\$ 1,510	\$ 533	\$ 29,849
\$ 678	\$ -	\$ -	\$ 27	\$ 705
(11,433)	-	-	-	(11,433)
-	-	-	-	(33)
-	-	-	65	6,365
-	-	-	-	30
-	-	-	(85)	(6,325)
-	-	(841)	-	(841)
\$ (10,755)	\$ -	\$ (841)	\$ 7	\$ (11,532)
\$ (155)	\$ (53)	\$ -	\$ (15)	\$ (19,409)
11	-	-	-	1,110
-	-	-	-	(58)
(22)	-	-	-	51
155	-	-	-	18,557
(608)	-	-	(40)	(16,308)
-	-	-	(10)	(1,401)
\$ (619)	\$ (53)	\$ -	\$ (65)	\$ (17,458)
\$ -	\$ 4,998	\$ -	\$ -	\$ 4,998
19	5,366	578	9	7,323
\$ 19	\$ 10,364	\$ 578	\$ 9	\$ 12,321
\$ 3,608	\$ 3,487	\$ 1,247	\$ 484	\$ 13,180
\$ 3,196	\$ 56,498	\$ 9,294	\$ 695	\$ 82,147
\$ 6,804	\$ 59,985	\$ 10,541	\$ 1,179	\$ 95,327

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## FIDUCIARY FUNDS

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Below are descriptions of the generic fund types within this category and specific funds within each fund type.

*PENSION TRUST FUNDS* are funds administered by independent boards for which the state performs a fiduciary role. These funds are categorized by function into three types.

Defined Benefit Pension Funds include those retirement funds for which the participant's retirement annuity is based on a statutory formula utilizing such factors as age, average salary, length of service and others. Individual funds in this category include those described below.

The *Public Employees Retirement Fund* includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

The *Police and Fire Fund* includes resources accumulated to pay present and future retirement annuities to eligible police officers and firefighters.

The *Police and Fire Consolidation Fund* includes resources accumulated to pay present and future retirement annuities to police officers and firefighters belonging to local relief associations, that merged with the Public Employees Retirement Association.

The *Teachers Retirement Fund* includes resources accumulated to pay present and future retirement annuities for members of both the basic and coordinated teachers retirement plans.

The *State Employees Retirement Fund* includes resources accumulated to pay present and future retirement annuities to state and University of Minnesota employees not covered by other pension funds.

The *State Patrol Retirement Fund* includes resources accumulated to pay present and future retirement annuities to eligible state patrol officers, conservation officers and crime bureau personnel.

The *Correctional Employees Retirement Fund* includes resources accumulated to pay present and future retirement annuities to state employees who have direct responsibility for inmates at Minnesota correctional facilities.

The *Judicial Retirement Fund* includes resources accumulated to pay present and future retirement annuities to eligible district, municipal, county and probate court judges, supreme court justices and various court referees.

The *Elective State Officers Fund* includes resources accumulated to pay present and future retirement annuities for the state's constitutional officers.

The *Legislative Retirement Fund* includes resources accumulated to pay present and future retirement annuities for members of the state legislature.

Defined Contribution Funds include those retirement funds for which the amount of the participant's retirement annuity is primarily determined by the employer/employee contributions. Other factors such as age and length of service may provide minimum eligibility qualifications. Individual funds in this category are described below.

The *Defined Contribution Fund* is an IRC Section 401(a) deferred compensation plan administered by the Public Employees Retirement Association.

The *Unclassified Employees Retirement Fund* includes the aggregate of unclassified employee share accounts which are either refunded or used to purchase a retirement annuity upon termination of service.

The *College and University Retirement Fund* includes the aggregate of share accounts derived from contributions received from eligible state university and community college with matching state contributions, administered by the State College and University System.

*NONEXPENDABLE TRUST FUNDS* are funds whose principal may not be expended.

The *Permanent School Fund* is a constitutionally established trust fund which receives revenue from investments and the sale of state land and timber. The investment earnings are transferred to the Endowment School Fund for distribution to school districts.



The *Environment and Natural Resources Trust Fund* receives 40 percent of the net lottery proceeds of the State Lottery Fund. The investment earnings of the fund are available for the purpose of managing the state's environmental and natural resources. Available proceeds and earnings are transferred to the Environment and Natural Resources Expendable Trust Fund.

The *Medical Education Endowment Fund* receives 39 percent of the tobacco settlement money with the state of Minnesota. The investment earnings up to five percent of the fair value of the fund are transferred to the Medical Education and Research Trust Fund to be used for medical education.

*EXPENDABLE TRUST FUNDS* are funds whose resources, including principal and interest, may be expended. Descriptions of individual funds in this category follow.

The *Municipal State-Aid Street Fund* receives 8.95 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

The *County State-Aid Highway Fund* receives 30.75 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

The *Endowment School Fund* receives revenue from the investments of the Permanent School Fund and distributes it to school districts.

The *Endowment Fund* receives gifts, donations and endowments which may be expended only for those purposes specified by the donors.

The *Environment and Natural Resources Trust Fund* receives the investment earnings and a portion of the net lottery proceeds deposited in the Environment and Natural Resources Nonexpendable Trust Fund in accordance with a plan approved by the Minnesota Future Resource Commission.

The *Northeast Minnesota Economic Protection Fund* receives distribution from taconite production taxes to be held in trust or expended only in economic emergency for the purposes of rehabilitation and diversification of industry in the area largely dependent on the taconite mining industry.

The *Reemployment Insurance Fund* receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

The *State Deferred Compensation Fund* includes the portion of the plan where participants have selected investment options provided by the State Board of Investment.

The *Medical Education and Research Fund* receives investment earnings up to five percent of the fair value of the Medical Education Endowment Trust Fund. This money is to be used for medical education activities in the state of Minnesota.

*AGENCY FUNDS* are funds which hold monies in an agency capacity for various governmental units, individuals or funds. Individual fund description follow.

The *Disbursement Clearing Fund* is a clearing fund used to account for state warrants issued and redeemed.

The *Miscellaneous Agency Fund* includes the amounts held in trust by the state for other governmental units, individuals or funds.

# STATE OF MINNESOTA

## FIDUCIARY FUNDS COMBINING BALANCE SHEET JUNE 30, 1999 (IN THOUSANDS)

	PENSION TRUST	INVESTMENT TRUST	NON- EXPENDABLE TRUST	EXPENDABLE TRUST	AGENCY	TOTAL
<b>ASSETS</b>						
Cash and Cash Equivalents.....	\$ 3,068,649	\$ 32,977	\$ 192,576	\$ 1,152,830	\$ 231,224	\$ 4,678,256
Investments.....	38,264,976	405,786	833,697	639,603	7,596	40,151,658
Accounts Receivable.....	107,263	-	3,885	20,585	52,981	184,714
Interfund Receivables.....	9,806	-	4,789	37,068	3,293	54,956
Accrued Investment/Interest Income.....	173,632	1,864	5,226	2,195	136	183,053
Federal Aid Receivable.....	-	-	-	94	-	94
Inventories.....	-	-	-	2,197	-	2,197
Loans and Notes Receivable.....	-	-	-	22,850	-	22,850
Securities Lending Collateral.....	3,861,029	33,354	-	40,526	-	3,934,909
Fixed Assets (Net).....	2,297	-	15,404	-	-	17,701
<b>Total Assets.....</b>	<b>\$ 45,487,652</b>	<b>\$ 473,981</b>	<b>\$ 1,055,577</b>	<b>\$ 1,917,948</b>	<b>\$ 295,230</b>	<b>\$ 49,230,388</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Warrants Payable.....	\$ -	\$ -	\$ -	\$ -	\$ 193,340	\$ 193,340
Accounts Payable.....	1,440,581	13,637	34	43,332	31,228	1,528,812
Interfund Payables.....	1,844	-	10,998	10,411	7,232	30,485
Deferred Revenue.....	10	-	-	3,503	-	3,513
Compensated Absences Payable.....	938	-	-	922	-	1,860
Securities Lending Collateral.....	3,861,029	33,354	-	40,526	-	3,934,909
Funds Held in Trust.....	-	-	-	-	63,430	63,430
<b>Total Liabilities.....</b>	<b>\$ 5,304,402</b>	<b>\$ 46,991</b>	<b>\$ 11,032</b>	<b>\$ 98,694</b>	<b>\$ 295,230</b>	<b>\$ 5,756,349</b>
<b>Fund Balances:</b>						
<b>Reserved Fund Balances:</b>						
Reserved for Encumbrances.....	\$ -	\$ -	\$ -	\$ 5,494	\$ -	\$ 5,494
Reserved for Inventory.....	-	-	-	2,197	-	2,197
Reserved for Long-Term Receivables.....	-	-	-	22,799	-	22,799
Reserved for Local Governments.....	-	-	-	398,151	-	398,151
Reserved for Trust Principal.....	-	-	1,044,545	-	-	1,044,545
Reserved for Pension Benefits.....	40,183,250	426,990	-	656,292	-	41,266,532
<b>Total Reserved Fund Balances.....</b>	<b>\$ 40,183,250</b>	<b>\$ 426,990</b>	<b>\$ 1,044,545</b>	<b>\$ 1,084,933</b>	<b>\$ -</b>	<b>\$ 42,739,718</b>
<b>Unreserved Fund Balances:</b>						
Designated for Fund Purposes.....	\$ -	\$ -	\$ -	\$ 731,790	\$ -	\$ 731,790
Undesignated.....	-	-	-	2,531	-	2,531
<b>Total Fund Balances.....</b>	<b>\$ 40,183,250</b>	<b>\$ 426,990</b>	<b>\$ 1,044,545</b>	<b>\$ 1,819,254</b>	<b>\$ -</b>	<b>\$ 43,474,039</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 45,487,652</b>	<b>\$ 473,981</b>	<b>\$ 1,055,577</b>	<b>\$ 1,917,948</b>	<b>\$ 295,230</b>	<b>\$ 49,230,388</b>

# STATE OF MINNESOTA

## PENSION AND INVESTMENT TRUST FUNDS COMBINING STATEMENT OF PLAN NET ASSETS

JUNE 30, 1999

(IN THOUSANDS)

ASSETS	PENSION TRUST FUNDS			INVESTMENT TRUST SUPPLEMENTAL RETIREMENT	TOTAL
	DEFINED BENEFIT	DEFINED CONTRIBUTION	TOTAL PENSION TRUST		
Cash and Cash Equivalents.....	\$ 224,994	\$ 4,315	\$ 229,309	\$ -	\$ 229,309
Investment Pools, at fair value:					
Cash Equivalent Investments.....	\$ 2,785,684	\$ 53,656	\$ 2,839,340	\$ 32,977	\$ 2,872,317
Investments.....	37,532,284	732,692	38,264,976	405,786	38,670,762
Accrued Interest and Dividends.....	171,118	1,996	173,114	1,864	174,978
Net Receivables (Payables).....	(1,189,870)	(1,810)	(1,191,680)	(13,575)	(1,205,255)
Total Investment Pool Participation.....	\$ 39,299,216	\$ 786,534	\$ 40,085,750	\$ 427,052	\$ 40,512,802
Receivables:					
Employer Contributions.....	\$ 28,014	\$ -	\$ 28,014	\$ -	\$ 28,014
Member Contributions.....	4,823	-	4,823	-	4,823
Accounts Receivable.....	-	427	427	-	427
Interfund Receivables.....	9,722	84	9,806	-	9,806
Other Receivables.....	73,999	-	73,999	-	73,999
Accrued Interest and Dividends.....	518	-	518	-	518
Total Receivables.....	\$ 117,076	\$ 511	\$ 117,587	\$ -	\$ 117,587
Securities Lending Collateral.....	\$ 3,818,717	\$ 42,312	\$ 3,861,029	\$ 33,354	\$ 3,894,383
Fixed Assets, net of accumulated depreciation.....	2,297	-	2,297	-	2,297
Total Assets.....	\$ 43,462,300	\$ 833,672	\$ 44,295,972	\$ 460,406	\$ 44,756,378
LIABILITIES					
Accounts Payable.....	\$ 244,284	\$ 4,617	\$ 248,901	\$ 62	\$ 248,963
Interfund Payables.....	1,652	192	1,844	-	1,844
Compensated Absences Payable.....	938	-	938	-	938
Deferred Revenue.....	10	-	10	-	10
Securities Lending Collateral.....	3,818,717	42,312	3,861,029	33,354	3,894,383
Total Liabilities.....	\$ 4,065,601	\$ 47,121	\$ 4,112,722	\$ 33,416	\$ 4,146,138
Net Assets Held in Trust for Pension Benefits.....	\$ 39,396,699	\$ 786,551	\$ 40,183,250	\$ 426,990	\$ 40,610,240

## STATE OF MINNESOTA

**PENSION AND INVESTMENT TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES**  
**IN PLAN NET ASSETS**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

	PENSION TRUST FUNDS			INVESTMENT TRUST	
	DEFINED BENEFIT	DEFINED CONTRIBUTION	TOTAL PENSION TRUST	SUPPLEMENTAL RETIREMENT	TOTAL
Additions:					
Contributions:					
Employer.....	\$ 450,789	\$ 21,992	\$ 472,781	\$ -	\$ 472,781
Member.....	404,661	18,371	423,032	-	423,032
Contributions From Other Sources.....	50	-	50	-	50
Participating Plans.....	-	-	-	222,107	222,107
Total Contributions.....	\$ 855,500	\$ 40,363	\$ 895,863	\$ 222,107	\$ 1,117,970
Net Investment Income:					
Investment Income.....	\$ 4,123,194	\$ 99,551	\$ 4,222,745	\$ 44,627	\$ 4,267,372
Less: Investment Expense.....	(25,067)	-	(25,067)	(180)	(25,247)
Net Investment Income.....	\$ 4,098,127	\$ 99,551	\$ 4,197,678	\$ 44,447	\$ 4,242,125
Securities Lending Revenues (Expenses):					
Securities Lending Income.....	\$ 198,560	\$ 2,516	\$ 201,076	\$ 1,689	\$ 202,765
Borrower Rebates.....	(174,949)	(2,224)	(177,173)	(1,489)	(178,662)
Management Fees.....	(6,155)	(70)	(6,225)	(48)	(6,273)
Net Securities Lending Revenue.....	\$ 17,456	\$ 222	\$ 17,678	\$ 152	\$ 17,830
Total Investment Income.....	\$ 4,115,583	\$ 99,773	\$ 4,215,356	\$ 44,599	\$ 4,259,955
Transfers From Other Funds.....	\$ 7,899	\$ 1,101	\$ 9,000	\$ -	\$ 9,000
Other Additions.....	6,382	351	6,733	-	6,733
Total Additions.....	\$ 4,985,364	\$ 141,588	\$ 5,126,952	\$ 266,706	\$ 5,393,658
Deductions:					
Benefits.....	\$ 1,482,319	\$ -	\$ 1,482,319	\$ -	\$ 1,482,319
Refunds/Withdrawals.....	36,657	33,024	69,681	24,713	94,394
Administrative Expenses.....	26,454	4,556	31,010	-	31,010
Transfers to Other Funds.....	3,639	5,361	9,000	-	9,000
Total Deductions.....	\$ 1,549,069	\$ 42,941	\$ 1,592,010	\$ 24,713	\$ 1,616,723
Net Increase.....	\$ 3,436,295	\$ 98,647	\$ 3,534,942	\$ 241,993	\$ 3,776,935
Net Assets Held in Trust for Pension Benefits, Beginning.....	\$ 35,960,404	\$ 687,904	\$ 36,648,308	\$ 184,997	\$ 36,833,305
Net Assets Held in Trust for Pension Benefits, Ending.....	\$ 39,396,699	\$ 786,551	\$ 40,183,250	\$ 426,990	\$ 40,610,240

# STATE OF MINNESOTA

## DEFINED BENEFIT PENSION FUNDS COMBINING STATEMENT OF PLAN NET ASSETS JUNE 30, 1999 (IN THOUSANDS)

ASSETS	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	POLICE AND FIRE CONSOLIDATION	TEACHERS RETIREMENT
Cash and Cash Equivalents.....	\$ 47,669	\$ 23,453	\$ 4,365	\$ 80,603
Investment Pools, at fair value:				
Cash Equivalent Investments.....	\$ 749,226	\$ 197,570	\$ 100,056	\$ 1,190,019
Investments.....	9,742,381	2,911,682	1,260,425	15,904,438
Accrued Interest and Dividends.....	45,035	12,913	5,887	72,543
Net Receivables (Payables).....	(430,596)	(97,610)	(8,508)	(384,916)
Total Investment Pool Participation.....	\$ 10,106,046	\$ 3,024,555	\$ 1,357,860	\$ 16,782,084
Receivables:				
Employer Contributions.....	\$ -	\$ -	\$ -	\$ 22,823
Member Contributions.....	-	-	-	-
Interfund Receivables.....	1,027	36	1	-
Other Receivables.....	72,706	191	192	-
Accrued Interest and Dividends.....	-	-	-	332
Total Receivables.....	\$ 73,733	\$ 227	\$ 193	\$ 23,155
Securities Lending Collateral.....	\$ 1,008,064	\$ 291,561	\$ 131,342	\$ 1,605,958
Fixed Assets, net of accumulated depreciation.....	889	-	-	1,293
Total Assets.....	\$ 11,236,401	\$ 3,339,796	\$ 1,493,760	\$ 18,493,093
LIABILITIES				
Accounts Payable.....	\$ 2,336	\$ 2,714	\$ 38,895	\$ 194,291
Interfund Payables.....	27	738	232	-
Compensated Absences Payable.....	523	-	-	415
Deferred Revenue.....	-	-	-	-
Securities Lending Collateral.....	1,008,064	291,561	131,342	1,605,958
Total Liabilities.....	\$ 1,010,950	\$ 295,013	\$ 170,469	\$ 1,800,664
Net Assets Held in Trust for Pension Benefits.....	\$ 10,225,451	\$ 3,044,783	\$ 1,323,291	\$ 16,692,429

A Schedule of Funding Progress for State Patrol Retirement, Correctional Employees Retirement, Judicial Retirement, Elective State Officers, and Legislative Retirement is presented in Note 16.

**MINNESOTA STATE RETIREMENT SYSTEM**

<b>STATE EMPLOYEES RETIREMENT</b>	<b>STATE PATROL RETIREMENT</b>	<b>CORRECTIONAL EMPLOYEES RETIREMENT</b>	<b>JUDICIAL RETIREMENT</b>	<b>ELECTIVE STATE OFFICERS</b>	<b>LEGISLATIVE RETIREMENT</b>	<b>TOTAL</b>
<u>\$ 53,634</u>	<u>\$ 5,826</u>	<u>\$ 6,589</u>	<u>\$ 2,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,994</u>
 \$ 470,731	 \$ 40,291	 \$ 25,154	 \$ 9,631	 \$ -	 \$ 3,006	 \$ 2,785,684
6,668,574	534,715	365,311	112,403	-	32,355	37,532,284
29,957	2,455	1,628	540	-	160	171,118
(233,809)	(17,155)	(11,424)	(4,797)	-	(1,055)	(1,189,870)
<u>\$ 6,935,453</u>	<u>\$ 560,306</u>	<u>\$ 380,669</u>	<u>\$ 117,777</u>	<u>\$ -</u>	<u>\$ 34,466</u>	<u>\$ 39,299,216</u>
 \$ 4,141	 \$ 387	 \$ 507	 \$ 156	 \$ -	 \$ -	 \$ 28,014
4,143	258	361	61	-	-	4,823
1,083	-	308	-	203	7,064	9,722
518	4	2	386	-	-	73,999
165	10	10	1	-	-	518
<u>\$ 10,050</u>	<u>\$ 659</u>	<u>\$ 1,188</u>	<u>\$ 604</u>	<u>\$ 203</u>	<u>\$ 7,064</u>	<u>\$ 117,076</u>
 \$ 674,563	 \$ 55,026	 \$ 36,717	 \$ 11,947	 \$ -	 \$ 3,539	 \$ 3,818,717
115	-	-	-	-	-	2,297
<u>\$ 7,673,815</u>	<u>\$ 621,817</u>	<u>\$ 425,163</u>	<u>\$ 133,183</u>	<u>\$ 203</u>	<u>\$ 45,069</u>	<u>\$ 43,462,300</u>
 \$ 2,080	 \$ 2,384	 \$ 1,277	 \$ 14	 \$ 4	 \$ 289	 \$ 244,284
373	64	148	31	1	38	1,652
-	-	-	-	-	-	938
-	-	-	10	-	-	10
674,563	55,026	36,717	11,947	-	3,539	3,818,717
<u>\$ 677,016</u>	<u>\$ 57,474</u>	<u>\$ 38,142</u>	<u>\$ 12,002</u>	<u>\$ 5</u>	<u>\$ 3,866</u>	<u>\$ 4,065,601</u>
<u>\$ 6,996,799</u>	<u>\$ 564,343</u>	<u>\$ 387,021</u>	<u>\$ 121,181</u>	<u>\$ 198</u>	<u>\$ 41,203</u>	<u>\$ 39,396,699</u>

# STATE OF MINNESOTA

## DEFINED BENEFIT PENSION FUNDS COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	POLICE AND FIRE CONSOLIDATION	TEACHERS RETIREMENT
Additions:				
Contributions:				
Employer.....	\$ 173,370	\$ 46,280	\$ 11,569	\$ 130,525
Member.....	158,475	30,897	3,429	132,040
Contributions From Other Sources.....	-	-	-	-
Total Contributions.....	\$ 331,845	\$ 77,177	\$ 14,998	\$ 262,565
Net Investment Income:				
Investment Income.....	\$ 1,052,073	\$ 324,428	\$ 135,985	\$ 1,776,515
Less: Investment Expense.....	(5,428)	(2,561)	(616)	(10,519)
Net Investment Income.....	\$ 1,046,645	\$ 321,867	\$ 135,369	\$ 1,765,996
Securities Lending Revenues (Expenses):				
Securities Lending Income.....	\$ 52,151	\$ 15,081	\$ 6,795	\$ 84,093
Borrower Rebates.....	(45,920)	(13,264)	(5,985)	(74,199)
Management Fees.....	(1,623)	(475)	(211)	(2,577)
Net Securities Lending Revenue.....	\$ 4,608	\$ 1,342	\$ 599	\$ 7,317
Total Investment Income.....	\$ 1,051,253	\$ 323,209	\$ 135,968	\$ 1,773,313
Transfers from Other Funds.....	\$ -	\$ -	\$ -	\$ -
Other Additions.....	2,405	310	2,077	1,587
Total Additions.....	\$ 1,385,503	\$ 400,696	\$ 153,043	\$ 2,037,465
Deductions:				
Benefits.....	\$ 467,601	\$ 68,672	\$ 70,780	\$ 620,938
Refunds.....	17,219	1,076	29	6,271
Administrative Expenses.....	11,250	959	466	9,742
Transfers to Other Funds.....	-	-	-	-
Total Deductions.....	\$ 496,070	\$ 70,707	\$ 71,275	\$ 636,951
Net Increase.....	\$ 889,433	\$ 329,989	\$ 81,768	\$ 1,400,514
Net Assets Held in Trust for Pension Benefits, Beginning.....	\$ 9,336,018	\$ 2,714,794	\$ 1,241,523	\$ 15,291,915
Net Assets Held in Trust for Pension Benefits, Ending.....	\$ 10,225,451	\$ 3,044,783	\$ 1,323,291	\$ 16,692,429

MINNESOTA STATE RETIREMENT SYSTEM						
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	TOTAL
\$ 65,979	\$ 5,712	\$ 8,172	\$ 7,051	\$ 40	\$ 2,091	\$ 450,789
66,823	3,850	6,378	2,069	26	674	404,661
40	-	-	10	-	-	50
<u>\$ 132,842</u>	<u>\$ 9,562</u>	<u>\$ 14,550</u>	<u>\$ 9,130</u>	<u>\$ 66</u>	<u>\$ 2,765</u>	<u>\$ 855,500</u>
\$ 718,351	\$ 61,009	\$ 39,315	\$ 12,277	\$ -	\$ 3,241	\$ 4,123,194
(5,274)	(339)	(301)	(29)	-	-	(25,067)
<u>\$ 713,077</u>	<u>\$ 60,670</u>	<u>\$ 39,014</u>	<u>\$ 12,248</u>	<u>\$ -</u>	<u>\$ 3,241</u>	<u>\$ 4,098,127</u>
\$ 34,893	\$ 2,847	\$ 1,899	\$ 618	\$ -	\$ 183	\$ 198,560
(30,699)	(2,506)	(1,670)	(545)	-	(161)	(174,949)
(1,095)	(89)	(60)	(19)	-	(6)	(6,155)
<u>\$ 3,099</u>	<u>\$ 252</u>	<u>\$ 169</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 17,456</u>
\$ 716,176	\$ 60,922	\$ 39,183	\$ 12,302	\$ -	\$ 3,257	\$ 4,115,583
\$ 5,368	\$ 17	\$ 2,514	\$ -	\$ -	\$ -	\$ 7,899
-	-	3	-	-	-	6,382
<u>\$ 854,386</u>	<u>\$ 70,501</u>	<u>\$ 56,250</u>	<u>\$ 21,432</u>	<u>\$ 66</u>	<u>\$ 6,022</u>	<u>\$ 4,985,364</u>
\$ 207,962	\$ 22,226	\$ 10,190	\$ 9,996	\$ 214	\$ 3,740	\$ 1,482,319
11,110	17	425	375	86	49	36,657
3,183	383	364	66	5	36	26,454
3,169	-	24	-	63	383	3,639
<u>\$ 225,424</u>	<u>\$ 22,626</u>	<u>\$ 11,003</u>	<u>\$ 10,437</u>	<u>\$ 368</u>	<u>\$ 4,208</u>	<u>\$ 1,549,069</u>
\$ 628,962	\$ 47,875	\$ 45,247	\$ 10,995	\$ (302)	\$ 1,814	\$ 3,436,295
\$ 6,367,837	\$ 516,468	\$ 341,774	\$ 110,186	\$ 500	\$ 39,389	\$ 35,960,404
<u>\$ 6,996,799</u>	<u>\$ 564,343</u>	<u>\$ 387,021</u>	<u>\$ 121,181</u>	<u>\$ 198</u>	<u>\$ 41,203</u>	<u>\$ 39,396,699</u>



# STATE OF MINNESOTA

## DEFINED CONTRIBUTION FUNDS COMBINING STATEMENT OF PLAN NET ASSETS JUNE 30, 1999 (IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION DEFINED CONTRIBUTION	MINNESOTA STATE RETIREMENT SYSTEM UNCLASSIFIED EMPLOYEES RETIREMENT	COLLEGE AND UNIVERSITY RETIREMENT	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 271	\$ 2,817	\$ 1,227	\$ 4,315
Investment Pools, at fair value:				
Cash Equivalent Investments.....	\$ 1,406	\$ 25,661	\$ 26,589	\$ 53,656
Investments.....	12,978	231,777	487,937	732,692
Accrued Interest and Dividends.....	48	863	1,085	1,996
Net Receivables (Payables).....	(92)	(1,045)	(673)	(1,810)
Total Investment Pool Participation.....	\$ 14,340	\$ 257,256	\$ 514,938	\$ 786,534
Receivables:				
Accounts Receivable.....	\$ -	\$ 427	\$ -	\$ 427
Interfund Receivables.....	-	84	-	84
Total Receivables.....	\$ -	\$ 511	\$ -	\$ 511
Securities Lending Collateral.....	\$ 957	\$ 18,433	\$ 22,922	\$ 42,312
Total Assets.....	\$ 15,568	\$ 279,017	\$ 539,087	\$ 833,672
<b>LIABILITIES</b>				
Accounts Payable.....	\$ -	\$ 447	\$ 4,170	\$ 4,617
Interfund Payables.....	67	125	-	192
Securities Lending Collateral.....	957	18,433	22,922	42,312
Total Liabilities.....	\$ 1,024	\$ 19,005	\$ 27,092	\$ 47,121
Net Assets Held in Trust for Pension Benefits.....	\$ 14,544	\$ 260,012	\$ 511,995	\$ 786,551

# STATE OF MINNESOTA

## DEFINED CONTRIBUTION FUNDS COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION DEFINED CONTRIBUTION	MINNESOTA STATE RETIREMENT SYSTEM UNCLASSIFIED EMPLOYEES RETIREMENT	COLLEGE AND UNIVERSITY RETIREMENT	TOTAL
Additions:				
Contributions:				
Employer.....	\$ 858	\$ 5,574	\$ 15,560	\$ 21,992
Member.....	778	3,885	13,708	18,371
Total Contributions.....	\$ 1,636	\$ 9,459	\$ 29,268	\$ 40,363
Investment Income.....	\$ 1,711	\$ 31,522	\$ 66,318	\$ 99,551
Securities Lending Revenues (Expenses):				
Securities Lending Income.....	\$ 56	\$ 1,072	\$ 1,388	\$ 2,516
Borrower Rebates.....	(49)	(944)	(1,231)	(2,224)
Management Fees.....	(2)	(31)	(37)	(70)
Net Securities Lending Revenue.....	\$ 5	\$ 97	\$ 120	\$ 222
Total Investment Income.....	\$ 1,716	\$ 31,619	\$ 66,438	\$ 99,773
Transfers from Other Funds.....	\$ -	\$ 1,101	\$ -	\$ 1,101
Other Additions.....	-	67	284	351
Total Additions.....	\$ 3,352	\$ 42,246	\$ 95,990	\$ 141,588
Deductions:				
Refunds/Withdrawals.....	\$ 963	\$ 7,673	\$ 24,388	\$ 33,024
Administrative Expenses.....	67	126	4,363	4,556
Transfers to Other Funds.....	-	5,361	-	5,361
Total Deductions.....	\$ 1,030	\$ 13,160	\$ 28,751	\$ 42,941
Net Increase.....	\$ 2,322	\$ 29,086	\$ 67,239	\$ 98,647
Net Assets Held in Trust for Pension Benefits, Beginning.....	\$ 12,222	\$ 230,926	\$ 444,756	\$ 687,904
Net Assets Held in Trust for Pension Benefits, Ending.....	\$ 14,544	\$ 260,012	\$ 511,995	\$ 786,551

# STATE OF MINNESOTA

## NONEXPENDABLE TRUST FUNDS COMBINING BALANCE SHEET JUNE 30, 1999 (IN THOUSANDS)

	PERMANENT SCHOOL	ENVIRONMENT AND NATURAL RESOURCES TRUST	MEDICAL EDUCATION ENDOWMENT	TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 21,837	\$ 6,907	\$ 163,832	\$ 192,576
Investments.....	540,368	278,362	14,967	833,697
Accounts Receivable.....	3,885	-	-	3,885
Interfund Receivables.....	-	4,789	-	4,789
Accrued Investment Income.....	2,664	1,421	1,141	5,226
Fixed Assets (Net).....	15,404	-	-	15,404
Total Assets.....	<u>\$ 584,158</u>	<u>\$ 291,479</u>	<u>\$ 179,940</u>	<u>\$ 1,055,577</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable.....	\$ 34	\$ -	\$ -	\$ 34
Interfund Payables.....	9,040	1,958	-	10,998
Total Liabilities.....	<u>\$ 9,074</u>	<u>\$ 1,958</u>	<u>\$ -</u>	<u>\$ 11,032</u>
Fund Balances:				
Reserved for Trust Principal.....	\$ 575,084	\$ 289,521	\$ 179,940	\$ 1,044,545
Total Fund Balance.....	<u>\$ 575,084</u>	<u>\$ 289,521</u>	<u>\$ 179,940</u>	<u>\$ 1,044,545</u>
Total Liabilities and Fund Balances.....	<u>\$ 584,158</u>	<u>\$ 291,479</u>	<u>\$ 179,940</u>	<u>\$ 1,055,577</u>

# STATE OF MINNESOTA

## NONEXPENDABLE TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	PERMANENT SCHOOL	ENVIRONMENT AND NATURAL RESOURCES TRUST	MEDICAL EDUCATION ENDOWMENT	TOTAL
Operating Revenues:				
Net Sales.....	\$ 10,989	\$ -	\$ -	\$ 10,989
Investment Income.....	69,504	33,944	228	103,676
Tobacco Settlement.....	-	-	179,712	179,712
Other Revenue.....	14	-	-	14
Total Operating Revenues.....	\$ 80,507	\$ 33,944	\$ 179,940	\$ 294,391
Operating Expenses:				
Purchased Services.....	\$ 315	\$ -	\$ -	\$ 315
Salaries and Fringe Benefits.....	4,685	-	-	4,685
Total Operating Expenses.....	\$ 5,000	\$ -	\$ -	\$ 5,000
Operating Income.....	\$ 75,507	\$ 33,944	\$ 179,940	\$ 289,391
Nonoperating Revenues (Expenses):				
Gain on Sale of Fixed Assets.....	\$ 125	\$ -	\$ -	\$ 125
Total Nonoperating Revenues.....	\$ 125	\$ -	\$ -	\$ 125
Income Before Operating Transfers.....	\$ 75,632	\$ 33,944	\$ 179,940	\$ 289,516
Operating Transfers-In.....	-	23,210	-	23,210
Operating Transfers-Out.....	(19,316)	(11,578)	-	(30,894)
Net Income.....	\$ 56,316	\$ 45,576	\$ 179,940	\$ 281,832
Fund Balances, Beginning.....	\$ 518,768	\$ 243,882	\$ -	\$ 762,650
Residual Equity Transfers-In.....	-	63	-	63
Fund Balances, Ending.....	\$ 575,084	\$ 289,521	\$ 179,940	\$ 1,044,545

# STATE OF MINNESOTA

## NONEXPENDABLE TRUST FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	PERMANENT SCHOOL	ENVIRONMENT AND NATURAL RESOURCES TRUST	MEDICAL EDUCATION ENDOWMENT	TOTAL
Cash Flows from Operating Activities:				
Operating Income.....	\$ 75,507	\$ 33,944	\$ 179,940	\$ 289,391
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Investment Income.....	\$ (69,504)	\$ (33,944)	\$ (228)	\$ (103,676)
Change in Assets and Liabilities:				
Accounts Receivable.....	(699)	-	-	(699)
Accounts Payable.....	162	-	-	162
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ (70,041)	\$ (33,944)	\$ (228)	\$ (104,213)
Net Cash Flows from Operating Activities.....	\$ 5,466	\$ -	\$ 179,712	\$ 185,178
Cash Flows from Noncapital Financing Activities:				
Transfers-In.....	\$ -	\$ 22,304	\$ -	\$ 22,304
Transfers-Out.....	(19,513)	(9,620)	-	(29,133)
Residual Equity Transfers-In.....	-	(63)	-	(63)
Net Cash Flows from Noncapital Financing Activities.....	\$ (19,513)	\$ 12,621	\$ -	\$ (6,892)
Cash Flows from Capital and Related Financing Activities:				
Proceeds from the Sale of Fixed Assets.....	\$ 865	\$ -	\$ -	\$ 865
Net Cash Flows from Capital and Related Financing Activities.....	\$ 865	\$ -	\$ -	\$ 865
Cash Flows from Investing Activities:				
Purchase of Investments.....	\$ (18,651)	\$ (24,437)	\$ (15,880)	\$ (58,968)
Investment Earnings.....	20,037	10,327	-	30,364
Net Cash Flows from Investing Activities.....	\$ 1,386	\$ (14,110)	\$ (15,880)	\$ (28,604)
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (11,796)	\$ (1,489)	\$ 163,832	\$ 150,547
Cash and Cash Equivalents, Beginning.....	\$ 33,633	\$ 8,396	\$ -	\$ 42,029
Cash and Cash Equivalents, Ending.....	\$ 21,837	\$ 6,907	\$ 163,832	\$ 192,576

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# STATE OF MINNESOTA

## EXPENDABLE TRUST FUNDS COMBINING BALANCE SHEET

JUNE 30, 1999

(IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL	ENDOWMENT
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 96,752	\$ 273,627	\$ -	\$ 11,571
Investments.....	-	-	-	4,993
Accounts Receivable.....	46	1,089	-	640
Interfund Receivables.....	6,946	23,655	4,410	99
Accrued Investment/Interest Income.....	-	-	-	2
Federal Aid Receivable.....	-	-	-	-
Inventories.....	-	-	-	-
Loans and Notes Receivable.....	-	-	-	-
Securities Lending Collateral.....	-	-	-	-
<b>Total Assets.....</b>	<b>\$ 103,744</b>	<b>\$ 298,371</b>	<b>\$ 4,410</b>	<b>\$ 17,305</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 885	\$ 5,146	\$ -	\$ 1,549
Interfund Payables.....	-	-	-	40
Deferred Revenue.....	-	-	-	4
Compensated Absences Payable.....	195	412	-	156
Securities Lending Collateral.....	-	-	-	-
<b>Total Liabilities.....</b>	<b>\$ 1,080</b>	<b>\$ 5,558</b>	<b>\$ -</b>	<b>\$ 1,749</b>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances:</b>				
Reserved for Encumbrances.....	\$ 439	\$ 1,297	\$ -	\$ 1,022
Reserved for Inventory.....	-	-	-	-
Reserved for Long-Term Receivables.....	-	-	-	-
Reserved for Local Governments.....	102,225	291,516	4,410	-
Reserved for Deferred Compensation Benefits.....	-	-	-	-
<b>Total Reserved Fund Balances.....</b>	<b>\$ 102,664</b>	<b>\$ 292,813</b>	<b>\$ 4,410</b>	<b>\$ 1,022</b>
<b>Unreserved Fund Balances:</b>				
Designated for Fund Purposes.....	-	-	-	13,980
Undesignated.....	-	-	-	554
<b>Total Fund Balances.....</b>	<b>\$ 102,664</b>	<b>\$ 292,813</b>	<b>\$ 4,410</b>	<b>\$ 15,556</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 103,744</b>	<b>\$ 298,371</b>	<b>\$ 4,410</b>	<b>\$ 17,305</b>

MINNESOTA STATE RETIREMENT SYSTEM					
ENVIRONMENT AND NATURAL RESOURCES TRUST	NORTHEAST MINNESOTA ECONOMIC PROTECTION	REEMPLOYMENT INSURANCE	STATE DEFERRED COMPENSATION	MEDICAL EDUCATION AND RESEARCH	TOTAL
\$ 3,881	\$ 59,224	\$ 621,651	\$ 65,505	\$ 20,619	\$ 1,152,830
-	43,148	-	591,462	-	639,603
-	1,255	14,389	3,166	-	20,585
1,958	-	-	-	-	37,068
-	201	-	1,992	-	2,195
-	-	94	-	-	94
-	2,197	-	-	-	2,197
-	22,850	-	-	-	22,850
-	-	-	40,526	-	40,526
<u>\$ 5,839</u>	<u>\$ 128,875</u>	<u>\$ 636,134</u>	<u>\$ 702,651</u>	<u>\$ 20,619</u>	<u>\$ 1,917,948</u>
\$ 862	\$ 419	\$ 8,714	\$ 5,138	\$ 20,619	\$ 43,332
63	-	9,613	695	-	10,411
-	-	3,499	-	-	3,503
97	62	-	-	-	922
-	-	-	40,526	-	40,526
<u>\$ 1,022</u>	<u>\$ 481</u>	<u>\$ 21,826</u>	<u>\$ 46,359</u>	<u>\$ 20,619</u>	<u>\$ 98,694</u>
\$ -	\$ 2,736	\$ -	\$ -	\$ -	\$ 5,494
-	2,197	-	-	-	2,197
-	22,799	-	-	-	22,799
-	-	-	-	-	398,151
-	-	-	656,292	-	656,292
<u>\$ -</u>	<u>\$ 27,732</u>	<u>\$ -</u>	<u>\$ 656,292</u>	<u>\$ -</u>	<u>\$ 1,084,933</u>
4,817	98,685	614,308	-	-	731,790
-	1,977	-	-	-	2,531
<u>\$ 4,817</u>	<u>\$ 128,394</u>	<u>\$ 614,308</u>	<u>\$ 656,292</u>	<u>\$ -</u>	<u>\$ 1,819,254</u>
<u>\$ 5,839</u>	<u>\$ 128,875</u>	<u>\$ 636,134</u>	<u>\$ 702,651</u>	<u>\$ 20,619</u>	<u>\$ 1,917,948</u>



# STATE OF MINNESOTA

## EXPENDABLE TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL	ENDOWMENT
Net Revenues:				
Unemployment Taxes.....	\$ -	\$ -	\$ -	\$ -
Mining Taxes.....	-	-	-	-
Federal Revenues.....	-	-	-	-
Investment/Interest Income.....	4,906	13,067	-	1,521
Gifts and Donations.....	-	-	-	17,897
Deferred Compensation Contributions.....	-	-	-	-
Securities Lending Income.....	-	-	-	-
Other Revenues.....	-	-	-	6,570
Net Revenues.....	\$ 4,906	\$ 13,067	\$ -	\$ 25,988
Expenditures:				
Current:				
Protection of Persons and Property.....	\$ -	\$ -	\$ -	\$ 26
Transportation.....	1,604	3,834	-	-
Resource Management.....	-	-	-	1,065
Economic and Manpower Development.....	-	-	-	86
Education.....	-	-	-	7,434
Health and Social Services.....	-	-	-	904
General Government.....	-	-	-	296
Borrower Rebates.....	-	-	-	-
Management Fees.....	-	-	-	-
Total Current Expenditures.....	\$ 1,604	\$ 3,834	\$ -	\$ 9,811
Capital Outlay.....	-	-	-	989
Grants and Subsidies.....	109,372	338,567	19,513	14,701
Deferred Compensation Withdrawals.....	-	-	-	-
Total Expenditures.....	\$ 110,976	\$ 342,401	\$ 19,513	\$ 25,501
Excess of Revenues Over (Under) Expenditures.....	\$ (106,070)	\$ (329,334)	\$ (19,513)	\$ 487
Other Financing Sources (Uses):				
Operating Transfers-In.....	\$ 100,575	\$ 345,553	\$ 19,316	\$ 811
Operating Transfers-Out.....	-	-	-	(93)
Transfers-Out to Component Units.....	-	-	-	-
Net Other Financing Sources (Uses).....	\$ 100,575	\$ 345,553	\$ 19,316	\$ 718
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ (5,495)	\$ 16,219	\$ (197)	\$ 1,205
Fund Balances, Beginning.....	\$ 108,159	\$ 276,594	\$ 4,607	\$ 14,351
Residual Equity Transfers-Out.....	-	-	-	-
Fund Balances, Ending.....	\$ 102,664	\$ 292,813	\$ 4,410	\$ 15,556

MINNESOTA STATE					
RETIREMENT SYSTEM					
ENVIRONMENT AND NATURAL RESOURCES TRUST	NORTHEAST MINNESOTA ECONOMIC PROTECTION	REEMPLOYMENT INSURANCE	STATE DEFERRED COMPENSATION	MEDICAL EDUCATION AND RESEARCH	TOTAL
\$ -	\$ -	\$ 380,287	\$ -	\$ -	\$ 380,287
-	4,501	-	-	-	4,501
-	-	4,469	-	-	4,469
202	9,829	39,906	79,049	-	148,480
-	-	-	-	-	17,897
-	-	-	57,530	-	57,530
-	-	-	2,371	-	2,371
-	38	392	3,964	20,619	31,583
<u>\$ 202</u>	<u>\$ 14,368</u>	<u>\$ 425,054</u>	<u>\$ 142,914</u>	<u>\$ 20,619</u>	<u>\$ 647,118</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26
1	-	-	-	-	5,439
3,341	-	-	-	-	4,406
70	1,601	-	-	-	1,757
195	-	-	-	-	7,629
-	-	-	-	-	904
100	-	-	3,649	-	4,045
-	-	-	2,074	-	2,074
-	-	-	73	-	73
<u>\$ 3,707</u>	<u>\$ 1,601</u>	<u>\$ -</u>	<u>\$ 5,796</u>	<u>\$ -</u>	<u>\$ 26,353</u>
2,507	-	-	-	-	3,496
3,527	264	369,115	-	20,619	875,678
-	-	-	32,554	-	32,554
<u>\$ 9,741</u>	<u>\$ 1,865</u>	<u>\$ 369,115</u>	<u>\$ 38,350</u>	<u>\$ 20,619</u>	<u>\$ 938,081</u>
<u>\$ (9,539)</u>	<u>\$ 12,503</u>	<u>\$ 55,939</u>	<u>\$ 104,564</u>	<u>\$ -</u>	<u>\$ (290,963)</u>
\$ 11,578	\$ -	\$ -	\$ -	\$ -	\$ 477,833
-	-	-	-	-	(93)
(1,089)	-	-	-	-	(1,089)
<u>\$ 10,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,651</u>
\$ 950	\$ 12,503	\$ 55,939	\$ 104,564	\$ -	\$ 185,688
<u>\$ 3,930</u>	<u>\$ 115,891</u>	<u>\$ 558,369</u>	<u>\$ 551,728</u>	<u>\$ -</u>	<u>\$ 1,633,629</u>
(63)	-	-	-	-	(63)
<u>\$ 4,817</u>	<u>\$ 128,394</u>	<u>\$ 614,308</u>	<u>\$ 656,292</u>	<u>\$ -</u>	<u>\$ 1,819,254</u>

# STATE OF MINNESOTA

## AGENCY FUNDS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 1999

(IN THOUSANDS)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>DISBURSEMENT CLEARING</b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 149,713	\$ 13,819,312	\$ 13,775,685	\$ 193,340
Total Assets.....	<u>\$ 149,713</u>	<u>\$ 13,819,312</u>	<u>\$ 13,775,685</u>	<u>\$ 193,340</u>
LIABILITIES				
Warrants Payable.....	\$ 149,713	\$ 13,819,312	\$ 13,775,685	\$ 193,340
Total Liabilities.....	<u>\$ 149,713</u>	<u>\$ 13,819,312</u>	<u>\$ 13,775,685</u>	<u>\$ 193,340</u>
<b>MISCELLANEOUS AGENCY</b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 45,994	\$ 1,729,112	\$ 1,737,222	\$ 37,884
Investments.....	9,871	7,596	9,871	7,596
Accounts Receivable.....	26,435	95,241	68,695	52,981
Accrued Investment Income.....	-	136	-	136
Interfund Receivables.....	206	3,293	206	3,293
Total Assets.....	<u>\$ 82,506</u>	<u>\$ 1,835,378</u>	<u>\$ 1,815,994</u>	<u>\$ 101,890</u>
LIABILITIES				
Accounts Payable.....	\$ 32,642	\$ 32,826	\$ 34,240	\$ 31,228
Interfund Payables.....	3,877	8,994	5,639	7,232
Funds Held in Trust.....	45,987	1,875,258	1,857,815	63,430
Total Liabilities.....	<u>\$ 82,506</u>	<u>\$ 1,917,078</u>	<u>\$ 1,897,694</u>	<u>\$ 101,890</u>
<b>TOTAL AGENCY FUNDS</b>				
ASSETS				
Cash and Cash Equivalents.....	\$ 195,707	\$ 15,548,424	\$ 15,512,907	\$ 231,224
Investments.....	9,871	7,596	9,871	7,596
Accounts Receivable.....	26,435	95,241	68,695	52,981
Accrued Investment Income.....	-	136	-	136
Interfund Receivables.....	206	3,293	206	3,293
Total Assets.....	<u>\$ 232,219</u>	<u>\$ 15,654,690</u>	<u>\$ 15,591,679</u>	<u>\$ 295,230</u>
LIABILITIES				
Warrants Payable.....	\$ 149,713	\$ 13,819,312	\$ 13,775,685	\$ 193,340
Accounts Payable.....	32,642	32,826	34,240	31,228
Interfund Payables.....	3,877	8,994	5,639	7,232
Funds Held in Trust.....	45,987	1,875,258	1,857,815	63,430
Total Liabilities.....	<u>\$ 232,219</u>	<u>\$ 15,736,390</u>	<u>\$ 15,673,379</u>	<u>\$ 295,230</u>

## **GENERAL FIXED ASSETS ACCOUNT GROUP**

The *General Fixed Assets Account Group* is maintained to account for fixed assets acquired or constructed for use by the state, other than those accounted for in proprietary and fiduciary funds.

# STATE OF MINNESOTA

## SCHEDULE OF GENERAL FIXED ASSETS

### BY SOURCE

JUNE 30, 1999

(IN THOUSANDS)

#### GENERAL FIXED ASSETS:

Land.....	\$ 322,358
Buildings.....	2,101,497
Equipment.....	459,541
Construction in Progress.....	229,197
Total General Fixed Assets.....	<u>\$ 3,112,593</u>

#### INVESTMENT IN GENERAL FIXED ASSETS:

Investment in Assets Acquired Prior to July 1, 1984 - Source Unidentified.....	\$ 846,088
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#### Expenditures from:

General Fund.....	632,256
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#### Special Revenue Funds:

Trunk Highway Fund.....	349,311
Highway User Tax Distribution Fund.....	320
State Airports Fund.....	4,199
Federal Fund.....	118,361
Environmental Fund.....	18,120
Petroleum Tank Cleanup.....	93
Natural Resources Funds.....	29,118
Special Compensation Fund.....	129
Health Care Access Fund.....	1,323
Iron Range Resources and Rehabilitation Fund.....	25,745
Miscellaneous Special Revenue Fund.....	75,404

#### Capital Projects Funds:

General Project Fund.....	16,160
Building Fund.....	938,146

#### Expendable Trust Funds:

Endowment Fund.....	1,132
Northeast Minnesota Economic Protection Fund.....	7,243

Donations.....	49,445
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Total Investment in General Fixed Assets.....	<u>\$ 3,112,593</u>
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STATE OF MINNESOTA

SCHEDULE OF GENERAL FIXED ASSETS  
BY FUNCTION AND ACTIVITY  
JUNE 30, 1999  
(IN THOUSANDS)

FUNCTION AND ACTIVITY	LAND	BUILDINGS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Protection of Persons and Property:					
Military Affairs.....	\$ 4,440	\$ 143,576	\$ 469	\$ 9,149	\$ 157,634
Public Safety.....	-	-	29,241	-	29,241
Others.....	-	-	1,252	-	1,252
Total Protection of Persons and Property.....	\$ 4,440	\$ 143,576	\$ 30,962	\$ 9,149	\$ 188,127
Transportation:					
Transportation.....	\$ 5,905	\$ 166,390	\$ 197,097	\$ 33,937	\$ 403,329
Total Transportation.....	\$ 5,905	\$ 166,390	\$ 197,097	\$ 33,937	\$ 403,329
Resource Management:					
Natural Resources.....	\$ 238,669	\$ 50,116	\$ 51,855	\$ 671	\$ 341,311
Pollution Control.....	1,667	-	4,010	-	5,677
Others.....	-	-	31	-	31
Total Resource Management.....	\$ 240,336	\$ 50,116	\$ 55,896	\$ 671	\$ 347,019
Economic and Manpower Development:					
Agriculture.....	\$ -	\$ -	\$ 1,719	\$ -	\$ 1,719
Commerce.....	-	-	182	-	182
Economic Security.....	1,976	7,410	6,077	-	15,463
Trade and Economic Development.....	-	-	779	-	779
Labor and Industry.....	-	-	686	-	686
Iron Range Resources and Rehabilitation.....	1,157	37,233	3,232	1,559	43,181
Public Service.....	-	-	1,456	-	1,456
Amateur Sports Commission.....	1,662	26,072	10	-	27,744
Others.....	-	-	67	-	67
Total Economic and Manpower Development.....	\$ 4,795	\$ 70,715	\$ 14,208	\$ 1,559	\$ 91,277
Education:					
Center for Arts Education.....	\$ 1,955	\$ 2,955	\$ 106	\$ -	\$ 5,016
Minnesota State Colleges and Universities.....	43,396	969,873	105,204	57,404	1,175,877
Education (K-12).....	20	11,371	448	-	11,839
Zoological Garden.....	1,175	64,411	1,587	233	67,406
Total Education.....	\$ 46,546	\$ 1,048,610	\$ 107,345	\$ 57,637	\$ 1,260,138
Health and Social Services:					
Health.....	\$ -	\$ -	\$ 4,915	\$ -	\$ 4,915
Human Services.....	1,386	181,539	21,623	1,476	206,024
Veterans Affairs and Veterans Home Board.....	134	41,969	1,488	-	43,591
Corrections.....	108	183,064	8,383	3,582	195,137
Others.....	30	-	1,710	-	1,740
Total Health and Human Services.....	\$ 1,658	\$ 406,572	\$ 38,119	\$ 5,058	\$ 451,407
General Government:					
Administration (1).....	\$ 18,678	\$ 215,518	\$ 1,158	\$ 121,186	\$ 356,540
Attorney General.....	-	-	852	-	852
Employee Relations.....	-	-	494	-	494
Office of Strategic and Long Range Planning.....	-	-	89	-	89
Governor.....	-	-	66	-	66
Legislature.....	-	-	131	-	131
Secretary of State.....	-	-	4,915	-	4,915
Supreme Court.....	-	-	3,337	-	3,337
Revenue.....	-	-	3,419	-	3,419
Others.....	-	-	1,453	-	1,453
Total General Government.....	\$ 18,678	\$ 215,518	\$ 15,914	\$ 121,186	\$ 371,296
Total General Fixed Assets.....	\$ 322,358	\$ 2,101,497	\$ 459,541	\$ 229,197	\$ 3,112,593

(1) Consists primarily of buildings and land located in the capitol complex area.

## STATE OF MINNESOTA

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**YEAR ENDED JUNE 30, 1999**  
**(IN THOUSANDS)**

FUNCTION AND ACTIVITY	GENERAL FIXED ASSETS BEGINNING	ADDITIONS	DEDUCTIONS/ NET TRANSFERS	ADJUSTMENTS	GENERAL FIXED ASSETS ENDING
Protection of Persons and Property:					
Military Affairs.....	\$ 155,326	\$ 9,538	\$ 7,739	\$ 509	\$ 157,634
Public Safety.....	30,626	687	1,677	(395)	29,241
Others.....	728	490	23	57	1,252
Total Protection of Persons and Property.....	\$ 186,680	\$ 10,715	\$ 9,439	\$ 171	\$ 188,127
Transportation:					
Transportation.....	\$ 387,260	\$ 33,520	\$ 12,674	\$ (4,777)	\$ 403,329
Total Transportation.....	\$ 387,260	\$ 33,520	\$ 12,674	\$ (4,777)	\$ 403,329
Resource Management:					
Natural Resources.....	\$ 326,210	\$ 21,362	\$ 19,967	\$ 13,706	\$ 341,311
Pollution Control.....	4,208	462	147	1,154	5,677
Others.....	46	-	15	-	31
Total Resource Management.....	\$ 330,464	\$ 21,824	\$ 20,129	\$ 14,860	\$ 347,019
Economic and Manpower Development:					
Agriculture.....	\$ 2,030	\$ 38	\$ 351	\$ 2	\$ 1,719
Commerce.....	130	52	-	-	182
Economic Security.....	13,958	1,118	59	446	15,463
Trade and Economic Development.....	764	-	-	15	779
Labor and Industry.....	788	438	367	(173)	686
Iron Range Resources and Rehabilitation.....	42,092	977	167	279	43,181
Public Service.....	1,570	22	117	(19)	1,456
Amateur Sports Commission.....	15,977	23,400	11,700	67	27,744
Others.....	66	11	10	-	67
Total Economic and Manpower Development.....	\$ 77,375	\$ 26,056	\$ 12,771	\$ 617	\$ 91,277
Education:					
Center for Arts Education.....	\$ 7,331	\$ -	\$ -	\$ (2,315)	\$ 5,016
Minnesota State Colleges and Universities.....	1,131,384	79,332	77,689	42,850	1,175,877
Education (K-12).....	12,296	21	77	(401)	11,839
Zoological Garden.....	67,250	24,082	23,926	-	67,406
Total Education.....	\$ 1,218,261	\$ 103,435	\$ 101,692	\$ 40,134	\$ 1,260,138
Health and Social Services:					
Health.....	\$ 3,362	\$ 505	\$ 231	\$ 1,279	\$ 4,915
Human Services.....	226,628	13,801	10,359	(24,046)	206,024
Veterans Affairs and Veterans Home Board.....	43,351	8,536	8,449	153	43,591
Corrections.....	192,023	5,743	2,514	(115)	195,137
Others.....	1,832	-	73	(19)	1,740
Total Health and Human Services.....	\$ 467,196	\$ 28,585	\$ 21,626	\$ (22,748)	\$ 451,407
General Government:					
Administration (1).....	\$ 211,582	\$ 162,993	\$ 79,653	\$ 61,618	\$ 356,540
Attorney General.....	852	-	-	-	852
Employee Relations.....	454	72	52	20	494
Office of Strategic and Long Range Planning.....	83	6	-	-	89
Governor.....	111	11	56	-	66
Legislature.....	64	67	-	-	131
Secretary of State.....	4,926	-	11	-	4,915
Supreme Court.....	4,819	117	4,262	2,663	3,337
Revenue.....	4,568	60	984	(225)	3,419
Others.....	1,314	430	293	2	1,453
Total General Government.....	\$ 228,773	\$ 163,756	\$ 85,311	\$ 64,078	\$ 371,296
Total General Fixed Assets.....	\$ 2,896,009	\$ 387,891	\$ 263,642	\$ 92,335	\$ 3,112,593

(1) Consists primarily of buildings and land located in the capitol complex area.

## **GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP**

The *General Long-Term Obligation Account Group* accounts for unmatured principal of bonds, notes and other forms of long-term indebtedness which are not accounted for in proprietary or fiduciary funds.



# STATE OF MINNESOTA

## GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP STATEMENT OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS YEAR ENDED JUNE 30, 1999 (IN THOUSANDS)

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
Amount Available and to be Provided for Payment of General Long-Term Obligations:				
Amount Available in Debt Service Fund.....	\$ 198,355	\$ 456,110	\$ 422,370	\$ 232,095
Amount to be Provided:				
General Fund.....	\$ 2,613,430	\$ 411,328	\$ 476,285	\$ 2,548,473
Trunk Highway Fund.....	82,157	6,773	12,636	76,294
Highway User Tax Distribution Fund.....	867	29	-	896
Solid Waste Fund.....	325,969	-	196,183	129,786
State Airports Fund.....	480	-	21	459
Federal Fund.....	19,536	1,069	240	20,365
Environmental Fund.....	1,605	94	5	1,694
Petroleum Tank Cleanup Fund.....	249	175	-	424
Natural Resources Funds.....	9,075	242	44	9,273
Maximum Effort School Loan Fund.....	102,835	-	8,345	94,490
Special Compensation Fund.....	48,492	6,139	170	54,461
Health Care Access Fund.....	877	77	-	954
Iron Range Resources and Rehabilitation Fund.....	4,673	34	180	4,527
Miscellaneous Special Revenue Fund.....	20,336	3,024	1,141	22,219
Total Amount to be Provided.....	\$ 3,230,581	\$ 428,984	\$ 695,250	\$ 2,964,315
Total Amount Available and to be Provided.....	\$ 3,428,936	\$ 885,094	\$ 1,117,620	\$ 3,196,410
General Long-Term Obligations Payable:				
General Obligation Bonds Payable.....	\$ 2,506,939	\$ 299,700	\$ 422,444	\$ 2,384,195
Loans Payable.....	15,723	-	5,241	10,482
Revenue Bonds Payable.....	132,825	-	24,260	108,565
Claims Payable.....	385,790	102,533	196,278	292,045
Compensated Absences Payable.....	254,774	10,289	-	265,063
Workers Compensation Liability.....	113,732	15,164	12,761	116,135
Capital Leases Payable.....	18,313	6,954	6,172	19,095
Arbitrage Payable.....	840	-	10	830
Total General Long-Term Obligations Payable.....	\$ 3,428,936	\$ 434,640	\$ 667,166	\$ 3,196,410

## COMPONENT UNIT FUNDS

Component units are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's governing body, and either (a) the ability to impose the will of the primary government, or (b) the potential for the organization to provide financial benefits to, or impose financial burdens on the primary government. They are presented here in three reporting groups, Governmental fund type, Proprietary fund type and Universities.

### GOVERNMENTAL FUND TYPE:

*Public Facilities Authority* provides financial assistance to eligible municipalities with high cost wastewater infrastructure projects.

The *Metropolitan Council* is responsible for coordinating the planning and development of the Twin Cities metropolitan area.

The *Minnesota Technology Incorporated* provides financial assistance to new or existing small and medium sized businesses in greater Minnesota, in order to stimulate economic growth and job creation.

The *Higher Education Services Office* administers the states student loan programs and engages in long-range planning for the needs of higher education.

The *Export Finance Authority* aids and facilitates the financing of exports from the state.

The *Agricultural and Economic Development Board* administers programs for agricultural and economic development.

The *Rural Finance Authority* administers state agriculture programs.

The *Minnesota Partnership for Action Against Tobacco* issues grants to health, community and academic organizations throughout Minnesota in support of research and cessation activities that will encourage and help tobacco users quit.

### PROPRIETARY FUND TYPE:

The *Housing Finance Agency* provides money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes.

The *Public Facilities Authority* provides financial assistance to municipalities, primarily for wastewater treatment construction projects.

The *Metropolitan Council* operates the metropolitan regional sewage treatment and disposal systems and the public transit system. The Metropolitan Sports Facilities Commission, a component unit of the Council, operates the Metropolitan Sports Center and Hubert H. Humphrey Metrodome sports facilities.

The *Workers' Compensation Assigned Risk Plan* is the source of workers' compensation and employers' liability coverage for Minnesota employers who have been unable to obtain an insurance policy through the voluntary market.

The *National Sports Center Foundation* is under contract with the Minnesota Amateur Sports Commission to maintain and operate the National Sports Center facility. The primary purpose of the facility is to hold youth-oriented athletic and other non-athletic functions and events.

The *Higher Education Services Office* makes and guarantees loans to qualified post secondary students.

### COLLEGE AND UNIVERSITY TYPE:

The *University of Minnesota* is a multi-campus university providing undergraduate and graduate degrees, advanced research opportunities, and an extension service.

# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS COMBINING BALANCE SHEET DECEMBER 31, 1998 and JUNE 30, 1999 (IN THOUSANDS)

	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	MINNESOTA TECHNOLOGY INCORPORATED	HIGHER EDUCATION SERVICES OFFICE
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 22,365	\$ 46,570	\$ 9,235	\$ 1,710
Investments.....	-	142,518	-	-
Accounts Receivable.....	-	1,834	29	2,358
Settlement Receivable.....	-	-	-	-
Interfund Receivables.....	-	12,372	-	-
Due from Primary Government.....	20,500	-	-	-
Due from Other Governmental Units.....	-	2,444	-	-
Accrued Investment/Interest Income.....	-	1,229	-	-
Federal Aid Receivable.....	-	-	594	234
Loans and Notes Receivable.....	-	15,461	-	-
Fixed Assets (Net).....	-	13,909	471	267
Other Assets.....	-	100	-	-
Amount Available for Debt Service.....	-	44,202	-	-
Amount to be Provided for Debt Service.....	-	91,047	-	-
Total Assets and Other Debits.....	<u>\$ 42,865</u>	<u>\$ 371,686</u>	<u>\$ 10,329</u>	<u>\$ 4,569</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 822	\$ 46,595	\$ 935	\$ 4,059
Interfund Payables.....	-	26,358	-	-
Payable to Other Governmental Units.....	-	5	-	-
Deferred Revenue.....	-	4,298	-	-
General Obligation Bonds Payable.....	-	133,060	-	-
Revenue Bonds Payable.....	-	-	-	-
Compensated Absences Payable.....	-	2,189	270	291
Funds Held in Trust.....	-	211	-	-
Other Liabilities.....	-	-	-	-
Total Liabilities.....	<u>\$ 822</u>	<u>\$ 212,716</u>	<u>\$ 1,205</u>	<u>\$ 4,350</u>
Investment in Fixed Assets.....	<u>\$ -</u>	<u>\$ 13,909</u>	<u>\$ -</u>	<u>\$ 267</u>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances:</b>				
Reserved for Encumbrances.....	\$ 6,665	\$ 1,348	\$ -	\$ -
Reserved for Long-Term Receivables.....	-	14,745	-	-
Reserved for Long-Term Commitments.....	-	37,647	-	-
Total Reserved Fund Balances.....	<u>\$ 6,665</u>	<u>\$ 53,740</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Unreserved Fund Balances:</b>				
Designated for Fund Purposes.....	\$ 35,378	\$ 60,243	\$ 9,124	\$ -
Undesignated.....	-	31,078	-	(48)
Total Unreserved Fund Balances.....	<u>\$ 35,378</u>	<u>\$ 91,321</u>	<u>\$ 9,124</u>	<u>\$ (48)</u>
Total Fund Balances.....	<u>\$ 42,043</u>	<u>\$ 145,061</u>	<u>\$ 9,124</u>	<u>\$ (48)</u>
Total Liabilities, Fund Balances and Other Credits.....	<u>\$ 42,865</u>	<u>\$ 371,686</u>	<u>\$ 10,329</u>	<u>\$ 4,569</u>

EXPORT FINANCE AUTHORITY	AGRICULTURAL AND ECONOMIC DEVELOPMENT BOARD	RURAL FINANCE AUTHORITY	MINNESOTA PARTNERSHIP FOR ACTION AGAINST TOBACCO	GOVERNMENTAL FUNDS TOTAL
\$ 1,063	\$ 13,691	\$ 17,819	\$ 34	\$ 112,487
-	17,495	-	122,306	282,319
-	-	-	523	4,744
-	-	-	63,900	63,900
-	-	-	-	12,372
-	-	-	-	20,500
-	-	-	-	2,444
-	703	61	-	1,993
-	-	-	-	828
-	31,542	50,335	-	97,338
-	-	-	-	14,647
-	-	-	232	332
-	-	-	-	44,202
-	39,157	-	-	130,204
<u>\$ 1,063</u>	<u>\$ 102,588</u>	<u>\$ 68,215</u>	<u>\$ 186,995</u>	<u>\$ 788,310</u>
\$ -	\$ 1,084	\$ -	\$ 150	\$ 53,645
-	-	-	-	26,358
-	-	-	-	5
-	-	-	-	4,298
-	-	-	-	133,060
-	39,157	-	-	39,157
-	-	-	-	2,750
-	-	-	-	211
-	-	-	1	1
<u>\$ -</u>	<u>\$ 40,241</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 259,485</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,176</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,013
-	31,542	50,335	-	96,622
-	-	-	-	37,647
<u>\$ -</u>	<u>\$ 31,542</u>	<u>\$ 50,335</u>	<u>\$ -</u>	<u>\$ 142,282</u>
\$ -	\$ 30,805	\$ 17,880	\$ 185,887	\$ 339,317
1,063	-	-	957	33,050
<u>\$ 1,063</u>	<u>\$ 30,805</u>	<u>\$ 17,880</u>	<u>\$ 186,844</u>	<u>\$ 372,367</u>
<u>\$ 1,063</u>	<u>\$ 62,347</u>	<u>\$ 68,215</u>	<u>\$ 186,844</u>	<u>\$ 514,649</u>
<u>\$ 1,063</u>	<u>\$ 102,588</u>	<u>\$ 68,215</u>	<u>\$ 186,995</u>	<u>\$ 788,310</u>

continued

## STATE OF MINNESOTA

**COMPONENT UNIT FUNDS- CONTINUED**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 1998 AND JUNE 30, 1999**  
**(IN THOUSANDS)**

## PROPRIETARY FUND TYPES

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 453,993	\$ -	\$ 76,797	\$ 47,457
Investments.....	282,526	-	5,264	675,547
Accounts Receivable.....	903	-	13,492	197,067
Settlement Receivable.....	-	-	-	-
Interfund Receivables.....	-	-	934	-
Due from Other Governmental Units.....	-	-	2,268	-
Due from Primary Government.....	-	-	-	-
Accrued Investment/Interest Income.....	23,795	-	312	6,279
Federal Aid Receivable.....	-	-	-	-
Inventories.....	2,183	-	14,805	-
Deferred Costs.....	-	-	-	3,771
Restricted Assets:				
Cash and Cash Equivalents.....	341,674	77,873	131,762	-
Investments.....	18,819	271,595	71,125	-
Loans Receivable.....	-	560,166	-	-
Interfund Receivables.....	-	-	21,244	-
Other Restricted Assets.....	-	107,481	10,821	-
Loans and Notes Receivable.....	1,730,678	-	-	-
Securities Lending Collateral.....	-	-	-	-
Fixed Assets (Net).....	1,030	2	1,156,457	-
Other Assets.....	-	-	165	35
Amount Available for Debt Service.....	-	-	-	-
Amount to be Provided for Debt Service.....	-	-	-	-
<b>Total Assets and Other Debits.....</b>	<b>\$ 2,855,601</b>	<b>\$ 1,017,117</b>	<b>\$ 1,505,446</b>	<b>\$ 930,156</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 7,938	\$ 2,236	\$ 66,945	\$ 3,033
Interfund Payables.....	-	-	8,192	-
Payable to Other Governmental Units.....	-	-	-	-
Due to Primary Government.....	-	-	-	4,757
Loans Payable between Component Units.....	-	-	302,999	-
Deferred Revenue.....	-	658	2,386	18,493
Payable from Restricted Assets:				
Accounts Payable.....	-	-	14,765	-
Revenue Bonds Payable.....	185,710	556,560	-	-
General Obligation Bonds Payable.....	-	-	72,460	-
Accrued Bond Interest Payable.....	56,790	9,546	7,502	-
Other Payables.....	-	-	83,198	-
General Obligation Bonds Payable.....	-	-	189,576	-
Loans/Notes Payable.....	-	-	-	-
Revenue Bonds Payable.....	1,895,995	-	-	-
Grants Payable.....	-	26,553	-	-
Claims and Judgments.....	-	-	-	405,000
Compensated Absences Payable.....	962	-	4,625	-
Securities Lending Collateral.....	-	-	-	-
Funds Held in Trust.....	103,700	-	-	-
Pension Liabilities.....	-	-	-	-
Other Liabilities.....	-	200	4,803	-
<b>Total Liabilities.....</b>	<b>\$ 2,251,095</b>	<b>\$ 595,753</b>	<b>\$ 757,451</b>	<b>\$ 431,283</b>
<b>Fund Equity:</b>				
Contributed Capital.....	\$ -	\$ 378,632	\$ 473,858	\$ -
Investment in Fixed Assets.....	\$ -	\$ -	\$ -	\$ -
<b>Retained Earnings:</b>				
Reserved for Debt Requirements.....	\$ 512,204	\$ -	\$ 10,228	\$ -
Reserved per State Law.....	92,302	-	-	-
Reserved for Claims.....	-	-	26,667	-
Unreserved Retained Earnings.....	-	42,732	237,242	498,873
<b>Total Retained Earnings.....</b>	<b>\$ 604,506</b>	<b>\$ 42,732</b>	<b>\$ 274,137</b>	<b>\$ 498,873</b>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances:</b>				
Reserved for Encumbrances.....	\$ -	\$ -	\$ -	\$ -
Reserved for Long-Term Receivables.....	-	-	-	-
Reserved for Long-Term Commitments.....	-	-	-	-
Reserved for Other.....	-	-	-	-
<b>Total Reserved Fund Balances.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Unreserved Fund Balances:</b>				
Designated for Fund Purposes.....	\$ -	\$ -	\$ -	\$ -
Undesignated.....	-	-	-	-
<b>Total Unreserved Fund Balances.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Fund Balances.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Fund Equity.....</b>	<b>\$ 604,506</b>	<b>\$ 421,364</b>	<b>\$ 747,995</b>	<b>\$ 498,873</b>
<b>Total Liabilities, Equity and Other Credits.....</b>	<b>\$ 2,855,601</b>	<b>\$ 1,017,117</b>	<b>\$ 1,505,446</b>	<b>\$ 930,156</b>

PROPRIETARY FUND TYPES			UNIVERSITY FUND TYPE	
NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	PROPRIETARY FUNDS TOTAL	UNIVERSITY OF MINNESOTA	TOTAL COMPONENT UNITS
\$ 327	\$ 10,119	\$ 588,693	\$ 600,239	\$ 1,301,419
-	63,016	1,026,353	741,845	2,050,517
204	-	211,666	84,069	300,479
-	-	-	-	63,900
-	-	934	-	13,306
-	-	2,268	-	4,712
-	-	-	128,331	148,831
-	1,909	32,295	6,121	40,409
-	-	-	56,193	57,021
1	-	16,989	14,916	31,905
19	392	4,182	9,218	13,400
-	35,589	586,898	11,132	598,030
-	-	361,539	-	361,539
-	-	560,166	-	560,166
-	-	21,244	-	21,244
-	-	118,302	-	118,302
-	217,414	1,948,092	63,190	2,108,620
-	-	-	71,622	71,622
521	81	1,158,091	1,268,673	2,441,411
-	127	327	419	1,078
-	-	-	-	44,202
-	-	-	-	130,204
<u>\$ 1,072</u>	<u>\$ 328,647</u>	<u>\$ 6,638,039</u>	<u>\$ 3,055,968</u>	<u>\$ 10,482,317</u>
\$ 374	\$ 450	\$ 80,976	\$ 144,518	\$ 279,139
-	-	8,192	-	34,550
-	-	-	-	5
-	-	4,757	45,685	50,442
-	-	302,999	-	302,999
285	-	21,822	29,905	56,025
-	-	14,765	-	14,765
-	-	742,270	-	742,270
-	-	72,460	-	72,460
-	188	74,026	-	74,026
-	-	83,198	-	83,198
-	-	189,576	475,516	798,152
260	-	260	4,389	4,649
-	68,500	1,964,495	12,925	2,016,577
-	-	26,553	-	26,553
-	-	405,000	26,280	431,280
-	135	5,722	50,486	58,958
-	-	-	71,622	71,622
-	-	103,700	-	103,911
-	-	-	21,117	21,117
-	-	5,003	1,688	6,692
<u>\$ 919</u>	<u>\$ 69,273</u>	<u>\$ 4,105,774</u>	<u>\$ 884,131</u>	<u>\$ 5,249,390</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 852,490</u>	<u>\$ -</u>	<u>\$ 852,490</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,003,909</u>	<u>\$ 1,018,085</u>
\$ -	\$ 35,401	\$ 557,833	\$ -	\$ 557,833
-	-	92,302	-	92,302
-	-	26,667	-	26,667
153	223,973	1,002,973	-	1,002,973
<u>\$ 153</u>	<u>\$ 259,374</u>	<u>\$ 1,679,775</u>	<u>\$ -</u>	<u>\$ 1,679,775</u>
\$ -	\$ -	\$ -	\$ 24,846	\$ 32,859
-	-	-	-	96,622
-	-	-	-	37,647
-	-	-	768,625	768,625
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 793,471</u>	<u>\$ 935,753</u>
\$ -	\$ -	\$ -	\$ 218,040	\$ 557,357
-	-	-	156,417	189,467
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,457</u>	<u>\$ 746,824</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,167,928</u>	<u>\$ 1,682,577</u>
<u>\$ 153</u>	<u>\$ 259,374</u>	<u>\$ 2,532,265</u>	<u>\$ 2,171,837</u>	<u>\$ 5,232,927</u>
<u>\$ 1,072</u>	<u>\$ 328,647</u>	<u>\$ 6,638,039</u>	<u>\$ 3,055,968</u>	<u>\$ 10,482,317</u>

# STATE OF MINNESOTA

## COMPONENT UNIT FUNDS - GOVERNMENTAL FUND TYPES COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEARS ENDED DECEMBER 31, 1998 AND JUNE 30, 1999 (IN THOUSANDS)

	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	MINNESOTA TECHNOLOGY INCORPORATED	HIGHER EDUCATION SERVICES OFFICE
Net Revenues:				
Other Taxes.....	\$ -	\$ 47,944	\$ -	\$ -
Federal Revenues.....	-	-	-	1,782
Other Intergovernmental Revenues.....	-	9,232	2,124	-
Tobacco Settlement.....	-	-	-	-
Investment/Interest Income.....	-	9,092	708	-
Other Revenues.....	-	2,534	821	233
Net Revenues.....	\$ -	\$ 68,802	\$ 3,653	\$ 2,015
Expenditures:				
Current:				
Transportation.....	\$ -	\$ 35,799	\$ -	\$ -
Resource Management.....	-	28,791	-	-
Economic & Manpower Development.....	-	980	10,445	-
Education.....	-	-	-	4,212
Health and Social Services.....	-	27,926	-	-
General Government.....	-	33,900	2,803	3,919
Total Current Expenditures.....	\$ -	\$ 127,396	\$ 13,248	\$ 8,131
Capital Outlay.....	-	865	-	-
Debt Service.....	-	25,709	-	-
Grants and Subsidies.....	7,282	-	8,871	135,844
Total Expenditures.....	\$ 7,282	\$ 153,970	\$ 22,119	\$ 143,975
Excess of Revenues Over (Under)				
Expenditures.....	\$ (7,282)	\$ (85,168)	\$ (18,466)	\$ (141,960)
Other Financing Sources (Uses):				
General Obligation Bonds.....	\$ -	\$ 18,773	\$ -	\$ -
Operating Transfers-In.....	-	30,124	-	-
Other Operating Transfers-Out.....	-	(5,960)	-	-
Transfers-In from Primary Government.....	21,250	69,316	10,037	141,535
Transfers-Out to Primary Government.....	-	-	-	-
Other Sources (Uses).....	-	1,368	(35)	-
Net Other Financing Sources (Uses).....	\$ 21,250	\$ 113,621	\$ 10,002	\$ 141,535
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 13,968	\$ 28,453	\$ (8,464)	\$ (425)
Fund Balances, Beginning, as Reported.....	\$ -	\$ 137,668	\$ 20,773	\$ 377
Prior Period Adjustments.....	28,075	-	(3,185)	-
Fund Balances, Beginning, as Restated.....	\$ 28,075	\$ 137,668	\$ 17,588	\$ 377
Residual Equity Transfers-Out.....	-	(21,060)	-	-
Fund Balances, Ending.....	\$ 42,043	\$ 145,061	\$ 9,124	\$ (48)

<u>EXPORT FINANCE AUTHORITY</u>	<u>AGRICULTURAL AND ECONOMIC DEVELOPMENT BOARD</u>	<u>RURAL FINANCE AUTHORITY</u>	<u>MINNESOTA PARTNERSHIP FOR ACTION AGAINST TOBACCO</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ 47,944
-	-	-	-	1,782
-	-	8	-	11,364
-	-	-	186,159	186,159
56	4,308	3,777	944	18,885
-	94	-	2,800	6,482
<u>\$ 56</u>	<u>\$ 4,402</u>	<u>\$ 3,785</u>	<u>\$ 189,903</u>	<u>\$ 272,616</u>
\$ -	\$ -	\$ -	\$ -	\$ 35,799
-	-	-	-	28,791
-	41	-	-	11,466
-	-	-	-	4,212
-	-	-	2,732	30,658
-	100	-	327	41,049
<u>\$ -</u>	<u>\$ 141</u>	<u>\$ -</u>	<u>\$ 3,059</u>	<u>\$ 151,975</u>
-	-	-	-	865
-	11,743	-	-	37,452
-	-	-	-	151,997
<u>\$ -</u>	<u>\$ 11,884</u>	<u>\$ -</u>	<u>\$ 3,059</u>	<u>\$ 342,289</u>
<u>\$ 56</u>	<u>\$ (7,482)</u>	<u>\$ 3,785</u>	<u>\$ 186,844</u>	<u>\$ (69,673)</u>
\$ -	\$ 5,215	\$ 4,500	\$ -	\$ 28,488
-	-	-	-	30,124
-	-	-	-	(5,960)
-	-	-	-	242,138
-	-	(8,651)	-	(8,651)
-	-	-	-	1,333
<u>\$ -</u>	<u>\$ 5,215</u>	<u>\$ (4,151)</u>	<u>\$ -</u>	<u>\$ 287,472</u>
<u>\$ 56</u>	<u>\$ (2,267)</u>	<u>\$ (366)</u>	<u>\$ 186,844</u>	<u>\$ 217,799</u>
\$ 1,007	\$ 64,614	\$ 68,581	\$ -	\$ 293,020
-	-	-	-	24,890
<u>\$ 1,007</u>	<u>\$ 64,614</u>	<u>\$ 68,581</u>	<u>\$ -</u>	<u>\$ 317,910</u>
-	-	-	-	(21,060)
<u><u>\$ 1,063</u></u>	<u><u>\$ 62,347</u></u>	<u><u>\$ 68,215</u></u>	<u><u>\$ 186,844</u></u>	<u><u>\$ 514,649</u></u>



## STATE OF MINNESOTA

**COMPONENT UNIT FUNDS - PROPRIETARY FUND TYPES**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**YEARS ENDED DECEMBER 31, 1998 AND JUNE 30, 1999**  
**(IN THOUSANDS)**

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	TOTAL
<b>Operating Revenues:</b>							
Net Sales.....	\$ -	\$ -	\$ 12,028	\$ -	\$ 4,934	\$ -	\$ 16,962
Interest Income on Loans.....	127,213	19,958	-	-	-	11,154	158,325
Investment Income.....	44,708	14,643	-	-	-	-	59,351
Rental and Service Fees.....	3,906	-	210,731	-	42	-	214,679
Insurance Premiums.....	-	-	-	47,530	-	-	47,530
Other Income.....	-	785	4,569	-	-	2,370	7,724
<b>Total Operating Revenues.....</b>	<b>\$ 175,827</b>	<b>\$ 35,386</b>	<b>\$ 227,328</b>	<b>\$ 47,530</b>	<b>\$ 4,976</b>	<b>\$ 13,524</b>	<b>\$ 504,571</b>
<b>Operating Expenses:</b>							
Interest and Financing Costs.....	\$ 127,452	\$ 28,437	\$ -	\$ -	\$ -	\$ 2,278	\$ 158,167
Purchased Services.....	10,759	243	40,954	7,182	3,153	3,876	66,167
Salaries and Fringe Benefits.....	8,954	1,525	171,958	-	2,244	974	185,655
Claims.....	-	-	-	(7,977)	-	-	(7,977)
Depreciation.....	788	9	62,142	-	114	25	63,058
Amortization.....	-	-	-	-	-	49	49
Supplies and Materials.....	52	9	20,211	-	-	132	20,404
Indirect Costs.....	114	376	-	-	-	34	524
Other Expenses.....	2,161	-	10,096	3,359	218	1,952	17,786
<b>Total Operating Expenses.....</b>	<b>\$ 150,260</b>	<b>\$ 30,599</b>	<b>\$ 305,361</b>	<b>\$ 2,564</b>	<b>\$ 5,729</b>	<b>\$ 9,320</b>	<b>\$ 503,833</b>
<b>Operating Income (Loss).....</b>	<b>\$ 25,567</b>	<b>\$ 4,787</b>	<b>\$ (78,033)</b>	<b>\$ 44,966</b>	<b>\$ (753)</b>	<b>\$ 4,204</b>	<b>\$ 738</b>
<b>Nonoperating Revenues (Expenses):</b>							
Investment Income.....	\$ -	\$ -	\$ 16,285	\$ 81,208	\$ 16	\$ 5,619	\$ 103,128
Interest and Financing Costs.....	-	-	(28,502)	-	(27)	-	(28,529)
Federal Grants and Subsidies.....	79,325	-	-	-	-	-	79,325
Other Nonoperating Revenues.....	-	-	106,037	-	1,150	-	107,187
Gains (Losses) on Sale of Fixed Assets.....	-	-	21,885	-	-	-	21,885
Grants, Aids and Subsidies.....	(109,078)	(771)	-	-	-	-	(109,849)
Other Nonoperating Expenses.....	-	-	(947)	-	(433)	-	(1,380)
<b>Total Nonoperating Revenues (Expenses).....</b>	<b>\$ (29,753)</b>	<b>\$ (771)</b>	<b>\$ 114,758</b>	<b>\$ 81,208</b>	<b>\$ 706</b>	<b>\$ 5,619</b>	<b>\$ 171,767</b>
<b>Income (Loss) Before Transfers.....</b>	<b>\$ (4,186)</b>	<b>\$ 4,016</b>	<b>\$ 36,725</b>	<b>\$ 126,174</b>	<b>\$ (47)</b>	<b>\$ 9,823</b>	<b>\$ 172,505</b>
Transfers-In.....	-	-	778	-	-	-	778
Transfers-In from Primary Government.....	40,076	-	-	-	-	-	40,076
Transfers-Out.....	-	-	(24,942)	-	-	-	(24,942)
Transfers-Out to Primary Government.....	(1,040)	-	-	-	-	-	(1,040)
<b>Net Income (Loss) before Extraordinary Item.....</b>	<b>\$ 34,850</b>	<b>\$ 4,016</b>	<b>\$ 12,561</b>	<b>\$ 126,174</b>	<b>\$ (47)</b>	<b>\$ 9,823</b>	<b>\$ 187,377</b>
Depreciation on Fixed Assets	-	-	29,606	-	-	-	29,606
Acquired with Contributed Capital.....	-	-	-	-	-	-	-
<b>Increase (Decrease) in Retained Earnings.....</b>	<b>\$ 34,850</b>	<b>\$ 4,016</b>	<b>\$ 42,167</b>	<b>\$ 126,174</b>	<b>\$ (47)</b>	<b>\$ 9,823</b>	<b>\$ 216,983</b>
Retained Earnings, Beginning, as Reported.....	\$ 569,656	\$ 38,716	\$ 231,299	\$ 372,699	\$ 200	\$ 249,551	\$ 1,462,121
Prior Period Adjustments.....	-	-	671	-	-	-	671
<b>Retained Earnings, Beginning, as Restated.....</b>	<b>\$ 569,656</b>	<b>\$ 38,716</b>	<b>\$ 231,970</b>	<b>\$ 372,699</b>	<b>\$ 200</b>	<b>\$ 249,551</b>	<b>\$ 1,462,792</b>
<b>Retained Earnings, Ending.....</b>	<b>\$ 604,506</b>	<b>\$ 42,732</b>	<b>\$ 274,137</b>	<b>\$ 498,873</b>	<b>\$ 153</b>	<b>\$ 259,374</b>	<b>\$ 1,679,775</b>

## STATE OF MINNESOTA

**COMPONENT UNIT FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 1998 AND JUNE 30, 1999**  
**(IN THOUSANDS)**

	HOUSING FINANCE AGENCY	PUBLIC FACILITIES AUTHORITY	METROPOLITAN COUNCIL	WORKERS' COMPENSATION ASSIGNED RISK PLAN	NATIONAL SPORTS CENTER FOUNDATION	HIGHER EDUCATION SERVICES OFFICE	TOTAL
Cash Flows from Operating Activities:							
Operating Income (Loss).....	\$ 25,567	\$ 4,787	\$ (78,033)	\$ 44,966	\$ (753)	\$ 4,204	\$ 738
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:							
Depreciation.....	\$ 768	\$ 9	\$ 62,142	\$ -	\$ 114	\$ 25	\$ 63,058
Amortization.....	-	-	-	-	-	49	49
Investment Income.....	(44,708)	(17,478)	-	-	-	-	(62,186)
Interest and Financing Costs.....	127,452	28,437	-	-	-	2,278	158,167
Loan Principal Repayments.....	285,997	23,719	-	-	-	36,979	346,695
Loans Issued.....	(193,408)	(108,622)	-	-	-	(68,976)	(371,006)
Customer Deposits.....	33,767	-	-	-	-	-	33,767
Return of Customer Deposits.....	(46,842)	-	-	-	-	-	(46,842)
Provision for Loan Defaults.....	-	-	-	-	-	(1,331)	(1,331)
Net Nonoperating Revenues (Expenses).....	-	-	1,971	-	-	-	1,971
Change in Assets and Liabilities:							
Accounts Receivable.....	1,022	-	(21)	25,999	(215)	-	26,785
Inventories.....	677	-	(353)	-	20	-	344
Other Assets.....	297	(849)	105	2,737	12	(162)	2,140
Accounts Payable.....	553	(49)	2,549	180	(4)	61	3,290
Deferred Revenues.....	-	-	890	(2,631)	90	-	(1,651)
Claims and Judgments Payable.....	-	-	-	(76,000)	-	-	(76,000)
Other Liabilities.....	92	-	1,657	(350)	-	6	1,405
Net Reconciling Items to be Added (Deducted) from Operating Income.....	\$ 165,667	\$ (74,833)	\$ 68,940	\$ (50,065)	\$ 17	\$ (31,071)	\$ 78,655
Net Cash Flows from Operating Activities.....	\$ 191,234	\$ (70,046)	\$ (9,093)	\$ (5,099)	\$ (736)	\$ (26,867)	\$ 79,393
Cash Flows from Noncapital Financing Activities:							
Grant Receipts.....	\$ 79,325	\$ 69,546	\$ 92,694	\$ -	\$ 852	\$ -	\$ 242,417
Grant Disbursements.....	(109,078)	(9,757)	-	-	-	-	(118,835)
Transfers-In.....	40,076	-	2,708	-	-	-	42,784
Transfers-Out.....	(1,040)	-	(22,127)	-	-	-	(23,167)
Proceeds from Bond Sales.....	402,745	96,875	-	-	-	-	499,620
Repayment of Debt.....	(359,880)	(19,643)	-	-	(124)	-	(379,647)
Bond Issuance Costs.....	(1,829)	(757)	-	-	-	-	(2,586)
Interest Paid.....	(128,254)	(27,693)	-	-	(26)	(2,302)	(158,275)
Net Cash Flows from Noncapital Financing Activities.....	\$ (77,935)	\$ 108,571	\$ 73,275	\$ -	\$ 702	\$ (2,302)	\$ 102,311
Cash Flows from Capital and Related Financing Activities:							
Investment in Fixed Assets.....	\$ (701)	\$ -	\$ (99,094)	\$ -	\$ (42)	\$ (61)	\$ (99,898)
Proceeds from the Sale of Fixed Assets.....	-	-	25,629	-	1	-	25,630
Capital Contributions.....	-	-	37,933	-	-	-	37,933
Proceeds from Bond Sales.....	-	-	53,674	-	-	-	53,674
Repayment of Bond Principal.....	-	-	(73,670)	-	-	-	(73,670)
Interest Paid.....	-	-	(30,123)	-	-	-	(30,123)
Net Cash Flows from Capital and Related Financing Activities.....	\$ (701)	\$ -	\$ (85,651)	\$ -	\$ (41)	\$ (61)	\$ (86,454)
Cash Flows from Investing Activities:							
Proceeds from Sales and Maturities of Investments.....	\$ 226,365	\$ 150,463	\$ 61,901	\$ 582,097	\$ -	\$ 173,846	\$ 1,194,672
Purchase of Investments.....	(219,780)	(200,739)	(50,361)	(600,146)	-	(145,172)	(1,216,198)
Investment Earnings.....	42,720	21,263	14,127	38,848	16	6,278	123,252
Net Cash Flows from Investing Activities.....	\$ 49,305	\$ (29,013)	\$ 25,667	\$ 20,799	\$ 16	\$ 34,952	\$ 101,726
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 161,903	\$ 9,512	\$ 4,198	\$ 15,700	\$ (59)	\$ 5,722	\$ 196,976
Cash and Cash Equivalents, Beginning, As Reported.....	\$ 633,764	\$ 68,361	\$ 7,201	\$ 31,757	\$ 386	\$ 39,986	\$ 781,455
Prior Period Adjustment.....	-	-	197,160	-	-	-	197,160
Cash and Cash Equivalents, Beginning, As Restated.....	\$ 633,764	\$ 68,361	\$ 204,361	\$ 31,757	\$ 386	\$ 39,986	\$ 978,615
Cash and Cash Equivalents, Ending.....	\$ 795,667	\$ 77,873	\$ 208,559	\$ 47,457	\$ 327	\$ 45,708	\$ 1,175,591

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**GENERAL OBLIGATION  
DEBT SCHEDULES**

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1999	2000	2001	2002	2003	2004	2005
GENERAL FUND								
STATE BUILDING CAPITAL IMPROVEMENT								
	X'85.015	195 6	195 6	0 0	0 0	0 0	0 0	0 0
	'87.400	18,410 2,390	9,650 837	4,240 387	1,395 208	455 156	245 136	245 124
	'88.718	675 50	310 34	310 14	45 2	10 0	0 0	0 0
	'89.041	185 6	185 6	0 0	0 0	0 0	0 0	0 0
	'89.290	1,095 144	545 50	275 25	65 13	60 11	15 8	15 7
	'89.300	40,625 14,434	6,395 2,037	4,100 1,742	3,715 1,521	2,530 1,357	2,110 1,238	2,110 1,129
	'90.365	209 14	104 10	105 3	0 0	0 0	0 0	0 0
	'90.610	25,744 6,752	5,080 1,296	5,104 993	3,247 748	2,480 589	835 500	835 456
	'91.354	2,625 1,033	175 131	175 122	175 113	175 105	175 96	175 88
	'92.558	103,463 41,579	7,401 5,237	7,850 4,844	7,852 4,445	7,905 4,044	6,090 3,689	6,085 3,378
	'93.373	5,495 2,421	385 289	385 271	340 252	340 235	340 216	340 197
	'93.558	8,250 3,246	550 410	550 383	550 356	550 329	550 302	550 275
	'94.643	307,492 142,355	18,714 15,626	19,490 14,690	17,810 13,754	17,805 12,885	17,255 12,008	17,255 11,100
	X'95.002	4,495 2,103	260 233	280 219	245 206	245 193	245 181	245 168
	'96.463	280,800 123,839	25,995 13,307	18,750 12,283	18,290 11,439	14,975 10,677	14,950 9,982	14,550 9,260
	'97.246	74,950 33,382	6,305 3,570	4,655 3,286	3,755 3,068	3,755 2,893	3,855 2,718	4,255 2,533
	X'97.002	27,020 12,402	2,015 1,328	1,400 1,237	1,930 1,171	1,925 1,079	1,400 988	1,400 918
	'98.404	19,255 9,505	1,000 920	995 878	995 833	995 789	995 744	995 698
STATE MUNICIPAL ENERGY BUILDING BONDS								
	'83.323	2,795 431	515 131	515 104	515 77	455 53	355 31	155 19

# STATE OF MINNESOTA

## GENERAL OBLIGATION DEBT

### SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

(\$ IN THOUSANDS)

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
245	245	245	245	245	245	245	245	170	20	20	5	5	0
111	99	86	73	60	47	34	21	7	2	1	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	15	15	15	15	15	15	15	0	0	0	0	0	0
6	6	5	4	3	2	2	1	0	0	0	0	0	0
2,110	2,005	2,005	2,005	2,010	2,010	2,010	2,010	1,815	815	650	125	75	20
1,018	904	801	696	590	482	373	263	152	80	40	8	3	1
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
835	835	835	835	835	835	835	835	837	380	90	90	85	0
412	368	325	282	238	193	148	102	57	24	12	7	3	0
175	175	175	175	175	175	175	175	175	0	0	0	0	0
79	70	61	52	42	33	24	14	5	0	0	0	0	0
6,085	6,085	6,325	6,315	6,315	6,315	6,315	6,315	5,805	2,080	1,770	485	35	35
3,056	2,735	2,414	2,086	1,754	1,418	1,079	737	393	177	74	16	3	1
340	330	330	330	330	330	330	330	330	330	45	5	5	0
178	159	141	124	106	87	69	50	31	13	3	0	0	0
550	550	550	550	550	550	550	550	550	0	0	0	0	0
247	219	191	162	133	104	74	45	15	0	0	0	0	0
17,250	17,560	17,350	17,250	17,245	17,250	17,245	17,245	17,245	17,243	14,585	6,210	4,210	1,275
10,156	9,190	8,307	7,428	6,538	5,634	4,720	3,793	2,856	1,919	1,071	455	194	32
245	280	280	270	270	270	270	270	270	270	270	5	5	0
154	139	125	111	97	83	68	54	39	23	8	0	0	0
14,250	14,065	14,070	13,640	13,640	13,640	13,640	13,190	13,290	13,290	13,290	11,495	7,970	3,820
8,541	7,810	7,105	6,405	5,721	5,031	4,336	3,637	2,959	2,279	1,603	926	440	96
4,555	4,255	4,255	3,755	3,755	3,755	3,755	3,355	3,355	3,355	3,355	3,355	3,355	155
2,328	2,108	1,902	1,696	1,514	1,332	1,148	963	798	632	465	297	129	4
1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,150	1,150	1,150	1,150	1,150	0
848	778	708	638	568	498	428	358	288	230	173	115	58	0
995	995	995	995	995	995	995	995	995	995	995	995	995	345
651	605	556	506	456	407	357	307	257	208	158	108	58	9
155	65	65	0	0	0	0	0	0	0	0	0	0	0
10	5	2	0	0	0	0	0	0	0	0	0	0	0

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

		(\$ IN THOUSANDS)						
GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1999	2000	2001	2002	2003	2004	2005
GENERAL FUND (CONT)								
STATE MUNICIPAL ENERGY BUILDING BONDS (CONT)								
	'94.643	2,775	375	375	375	375	375	375
		545	134	115	96	78	59	39
	'96.463	3,345	375	375	375	375	375	375
		705	147	130	113	95	78	61
REFUNDING BONDS								
	'16A.66	685,053	68,862	68,002	70,192	76,557	68,712	63,647
		189,346	32,655	29,457	26,090	22,537	18,837	15,505
REINVESTMENT IN MINNESOTA (RIM)								
	'87.400	635	75	60	60	110	20	25
		223	32	29	26	22	18	16
	'89.300	855	285	245	75	30	15	15
		170	43	26	16	13	11	11
	'90.610	1,645	230	245	160	145	85	85
		535	86	72	60	54	46	42
	'91.354	12,205	1,265	1,275	1,205	840	645	640
		4,664	626	557	488	434	396	362
RURAL FINANCE AUTHORITY (RFA)								
	'86.398	35,465	1,440	2,400	0	3,625	5,000	0
		11,974	2,063	2,005	1,856	1,856	1,503	1,380
	'96.463	32,500	0	0	3,000	0	0	2,000
		14,824	1,880	1,880	1,784	1,689	1,689	1,625
LANDFILL								
	'94.639	26,090	1,760	1,555	1,450	1,450	1,450	1,450
		12,125	1,316	1,231	1,155	1,084	1,012	936
POLLUTION CONTROL								
	'87.400	8,095	2,940	1,640	655	310	210	210
		1,830	391	245	174	147	134	123
	'89.300	3,245	1,185	930	135	185	75	75
		613	159	91	58	51	43	39
	'90.610	8,545	1,825	1,815	1,525	275	275	275
		2,182	446	333	229	176	162	148
	'92.558	10,395	730	680	680	725	685	685
		4,223	527	493	459	425	389	353
	'93.373	6,000	585	515	330	330	330	330
		2,653	309	285	260	244	227	209
	'93.558	6,000	400	400	400	400	400	400
		2,361	298	279	259	240	220	200
	'94.643	32,146	1,996	2,210	1,805	1,805	1,800	1,800
		14,801	1,635	1,535	1,429	1,340	1,251	1,156

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>375</b> 18	<b>75</b> 5	<b>75</b> 2	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>375</b> 44	<b>335</b> 26	<b>335</b> 10	<b>50</b> 1	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>49,142</b> 12,562	<b>48,247</b> 10,102	<b>42,912</b> 7,754	<b>38,583</b> 5,602	<b>37,963</b> 3,613	<b>18,190</b> 2,167	<b>17,845</b> 1,260	<b>5,500</b> 673	<b>5,400</b> 400	<b>5,300</b> 133	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>25</b> 15	<b>30</b> 14	<b>30</b> 12	<b>30</b> 10	<b>30</b> 9	<b>30</b> 7	<b>30</b> 6	<b>30</b> 4	<b>20</b> 2	<b>20</b> 1	<b>10</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>15</b> 10	<b>20</b> 9	<b>20</b> 8	<b>20</b> 7	<b>20</b> 6	<b>20</b> 5	<b>20</b> 4	<b>20</b> 2	<b>20</b> 1	<b>10</b> 1	<b>5</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>85</b> 38	<b>85</b> 33	<b>85</b> 29	<b>85</b> 24	<b>85</b> 20	<b>85</b> 15	<b>85</b> 10	<b>85</b> 6	<b>5</b> 1	<b>5</b> 1	<b>5</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>640</b> 327	<b>625</b> 293	<b>625</b> 261	<b>625</b> 228	<b>625</b> 195	<b>625</b> 162	<b>625</b> 128	<b>625</b> 94	<b>560</b> 59	<b>380</b> 33	<b>275</b> 15	<b>45</b> 4	<b>45</b> 2	<b>15</b> 0
<b>14,000</b> 942	<b>9,000</b> 369	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>0</b> 1,562	<b>5,000</b> 1,562	<b>18,000</b> 1,041	<b>4,500</b> 113	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>1,450</b> 856	<b>1,420</b> 775	<b>1,420</b> 702	<b>1,420</b> 630	<b>1,420</b> 558	<b>1,420</b> 485	<b>1,420</b> 411	<b>1,420</b> 337	<b>1,420</b> 261	<b>1,420</b> 187	<b>1,340</b> 116	<b>970</b> 54	<b>435</b> 19	<b>0</b> 0
<b>210</b> 111	<b>210</b> 99	<b>210</b> 88	<b>210</b> 77	<b>210</b> 66	<b>210</b> 55	<b>210</b> 44	<b>210</b> 32	<b>130</b> 21	<b>130</b> 14	<b>130</b> 7	<b>60</b> 2	<b>0</b> 0	<b>0</b> 0
<b>75</b> 35	<b>75</b> 31	<b>75</b> 27	<b>75</b> 23	<b>75</b> 19	<b>75</b> 15	<b>75</b> 11	<b>75</b> 7	<b>15</b> 3	<b>15</b> 2	<b>15</b> 1	<b>15</b> 0	<b>0</b> 0	<b>0</b> 0
<b>275</b> 134	<b>280</b> 119	<b>280</b> 104	<b>280</b> 90	<b>280</b> 75	<b>280</b> 60	<b>280</b> 45	<b>280</b> 30	<b>85</b> 14	<b>85</b> 10	<b>85</b> 5	<b>50</b> 2	<b>15</b> 0	<b>0</b> 0
<b>685</b> 318	<b>685</b> 281	<b>685</b> 246	<b>670</b> 210	<b>670</b> 174	<b>665</b> 138	<b>665</b> 102	<b>670</b> 65	<b>540</b> 29	<b>175</b> 10	<b>50</b> 4	<b>50</b> 1	<b>0</b> 0	<b>0</b> 0
<b>330</b> 190	<b>325</b> 170	<b>325</b> 154	<b>325</b> 137	<b>325</b> 120	<b>325</b> 103	<b>325</b> 85	<b>325</b> 67	<b>325</b> 49	<b>325</b> 30	<b>325</b> 12	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>400</b> 180	<b>400</b> 159	<b>400</b> 139	<b>400</b> 118	<b>400</b> 97	<b>400</b> 75	<b>400</b> 54	<b>400</b> 32	<b>400</b> 11	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0	<b>0</b> 0
<b>1,800</b> 1,057	<b>1,820</b> 956	<b>1,820</b> 866	<b>1,810</b> 774	<b>1,810</b> 682	<b>1,810</b> 588	<b>1,810</b> 492	<b>1,810</b> 395	<b>1,810</b> 297	<b>1,810</b> 197	<b>1,690</b> 103	<b>465</b> 36	<b>465</b> 13	<b>0</b> 0



STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1999	2000	2001	2002	2003	2004	2005
GENERAL FUND (CONT)								
POLLUTION CONTROL (CONT)								
	X'95.002	605 262	65 27	30 25	30 24	30 22	30 21	30 19
	'96.463	21,145 9,907	930 1,000	1,130 954	1,130 901	1,130 849	1,130 797	1,130 744
	'97.246	1,950 959	100 92	100 88	100 83	100 79	100 75	100 70
SPECIAL STATE BUILDING								
	'90.610	370 24	185 18	185 6	0 0	0 0	0 0	0 0
STATE TRANSPORTATION								
	'84.597	3,600 1,032	400 216	400 191	400 166	400 140	400 115	400 89
	'87.400	1,070 369	125 54	155 47	100 40	100 34	50 31	50 28
	'89.300	1,185 262	400 57	285 36	60 25	60 22	40 20	35 18
	'90.610	4,100 1,522	500 203	475 177	370 153	270 136	195 125	200 115
	'92.558	8,325 3,383	675 410	675 376	675 341	675 306	425 279	425 257
	'93.373	5,500 2,322	805 270	425 243	295 223	280 209	280 195	280 180
	'94.643	25,570 11,931	1,410 1,244	1,465 1,177	1,365 1,108	1,365 1,044	1,360 979	1,360 912
	X'95.002	3,140 1,423	185 152	225 143	170 133	175 124	175 116	170 107
	'96.463	6,480 3,056	405 310	415 293	345 274	340 258	340 242	340 226
	'97.246	1,435 657	95 67	95 63	75 58	75 55	75 52	75 48
	X'97.002	1,405 679	75 63	70 60	70 58	70 55	70 52	70 49
	'98.404	3,800 1,895	200 188	200 179	200 169	200 160	200 150	200 140
WASTE MANAGEMENT								
	X'85.015	10 1	5 0	5 0	0 0	0 0	0 0	0 0
	'87.400	730 148	190 38	180 26	145 16	30 10	15 9	15 9

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
30 18	30 17	30 15	30 14	30 12	30 11	30 10	30 8	30 7	30 5	30 4	30 2	30 1	0 0
1,130 689	1,130 634	1,130 579	1,130 525	1,130 470	1,130 416	1,130 360	1,130 304	1,130 247	1,130 191	1,130 135	1,130 79	830 30	175 4
100 66	100 61	100 56	100 51	100 46	100 41	100 36	100 31	100 26	100 21	100 16	100 11	100 6	50 1
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
400 64	400 38	400 13	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
50 25	50 23	50 20	50 17	50 15	50 12	50 9	50 7	50 4	20 2	20 1	0 0	0 0	0 0
35 16	30 14	30 12	30 11	30 9	30 8	30 6	30 4	30 3	15 1	15 1	0 0	0 0	0 0
200 104	195 94	190 84	190 74	190 65	190 55	190 45	190 35	190 25	125 16	120 10	55 5	55 2	10 0
420 235	430 214	430 192	430 171	430 149	430 127	430 104	430 81	430 58	325 38	255 23	145 13	145 6	45 1
280 164	280 148	280 134	275 120	275 105	275 91	275 76	270 61	270 46	270 31	260 17	55 6	55 3	15 0
1,370 843	1,420 772	1,420 704	1,420 634	1,420 563	1,420 492	1,420 420	1,420 346	1,420 272	1,420 197	1,365 124	780 67	750 29	200 5
170 99	165 90	165 82	165 74	165 66	165 58	165 50	165 42	165 33	165 25	165 16	110 8	110 3	0 0
340 210	330 193	330 178	330 161	330 145	330 128	330 112	330 95	330 79	330 62	330 45	290 29	290 14	75 2
75 45	75 41	75 38	70 34	70 31	70 28	70 24	70 21	70 17	70 14	70 10	70 7	70 3	20 1
70 46	70 44	70 40	70 37	70 33	70 30	70 26	70 23	70 19	70 16	70 12	70 9	70 5	70 2
200 130	200 120	200 110	200 100	200 90	200 80	200 70	200 60	200 50	200 40	200 30	200 20	200 10	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
15 8	15 7	15 6	15 5	15 5	20 4	20 3	20 2	20 1	0 0	0 0	0 0	0 0	0 0

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

INTEREST PAYMENTS - MEDIUM FACE

		(\$ IN THOUSANDS)						
GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1999	2000	2001	2002	2003	2004	2005
GENERAL FUND (CONT)								
WASTE MANAGEMENT (CONT)								
	'90.610	2,405 837	325 123	325 104	325 85	170 71	90 64	90 59
	'92.558	325 67	50 16	50 13	50 11	50 8	25 6	25 5
	'96.463	1,395 631	135 66	130 60	65 54	65 51	65 49	65 46
EXCHANGE BONDS								
	'16A.66	6,289 6	0 3	3,145 2	3,145 1	0 0	0 0	0 0
INFRASTRUCTURE DEVELOPMENT								
STATE BUILDING CAPITAL IMPROVEMENT								
	'90.610	52,522 16,650	7,881 2,676	7,911 2,206	5,893 1,802	2,890 1,562	2,540 1,425	2,540 1,296
	'92.558	31,007 13,608	2,069 1,622	2,065 1,513	2,063 1,408	2,060 1,303	1,830 1,200	1,830 1,096
	'94.643	90,857 41,683	5,845 4,519	6,650 4,248	5,150 3,936	5,125 3,691	5,125 3,444	5,130 3,184
	'96.463	72,715 34,175	4,235 3,421	4,550 3,243	3,865 3,042	3,850 2,871	3,850 2,701	3,850 2,526
	'98.404	3,095 1,504	150 139	155 134	155 128	155 121	155 115	155 109
REFUNDING BONDS								
	'16A.66	58,665 22,112	650 2,964	1,420 2,914	2,170 2,827	5,580 2,638	5,915 2,357	5,955 2,065
REINVESTMENT IN MINNESOTA (RIM)								
	'90.610	455 157	45 23	45 20	45 18	45 16	25 14	25 13
POLLUTION CONTROL								
	'90.610	2,395 797	255 119	255 106	255 92	255 79	125 69	125 63
CIGARETTE TAX REFUNDING BONDS								
	'16A.66	9,340 991	2,335 430	2,335 311	2,335 188	2,335 63	0 0	0 0
SPORTS & HEALTH TAX STATE BUILDING CAPITAL IMPROVEMENT								
	'87.400	160 5	160 5	0 0	0 0	0 0	0 0	0 0
REFUNDING BONDS								
	'16A.66	12,955 3,134	1,540 660	1,565 583	1,625 500	1,630 413	1,275 335	1,280 265
GROUP TOTAL GENERAL FUND		2,233,772 836,055	202,532 109,402	189,017 99,781	176,017 90,620	171,707 82,270	155,772 73,947	147,547 66,292

# STATE OF MINNESOTA

## GENERAL OBLIGATION DEBT

### SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
90 54	90 49	90 44	90 39	90 35	90 30	90 25	90 21	90 16	90 11	90 7	90 2	0 0	0 0
25 4	25 3	25 1	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
65 43	65 40	65 36	65 33	65 30	65 27	65 23	65 20	65 17	65 14	65 10	65 7	65 4	25 1
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
2,540 1,165	2,540 1,033	2,540 902	2,540 768	2,540 633	2,540 497	2,540 359	2,540 221	2,078 83	325 17	145 5	0 0	0 0	0 0
1,830 989	1,830 888	1,835 794	1,835 698	1,835 600	1,835 500	1,835 399	1,835 296	1,835 192	1,835 89	750 20	0 0	0 0	0 0
5,130 2,919	4,790 2,647	4,790 2,407	4,785 2,165	4,785 1,921	4,785 1,672	4,785 1,421	4,785 1,168	4,785 914	4,787 661	4,115 428	2,620 219	2,120 100	770 19
3,850 2,351	3,685 2,169	3,685 1,993	3,675 1,811	3,675 1,629	3,675 1,445	3,675 1,260	3,675 1,074	3,675 887	3,675 700	3,675 512	3,065 324	3,065 171	1,765 44
155 103	155 96	155 89	155 81	155 74	155 66	155 58	155 50	155 43	155 35	155 27	155 19	155 12	155 4
5,770 1,774	5,760 1,481	5,760 1,184	5,685 885	5,690 586	4,135 328	4,175 110	0 0	0 0	0 0	0 0	0 0	0 0	0 0
25 11	25 10	25 9	25 7	25 6	25 5	25 3	25 2	25 1	0 0	0 0	0 0	0 0	0 0
125 56	125 50	125 43	125 37	125 30	125 24	125 17	125 10	125 3	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
1,260 194	1,260 122	1,260 50	130 11	130 4	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
144,837 58,617	142,762 51,297	141,462 43,986	120,478 36,871	115,313 30,806	93,860 25,396	93,550 20,536	76,180 16,069	74,055 12,045	64,805 8,391	53,275 5,324	34,605 2,860	26,960 1,320	9,040 226

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1999	2000	2001	2002	2003	2004	2005
GAME & FISH REFUNDING BONDS (CONT)								
	'16A.66	127 25	28 6	18 5	13 4	13 3	13 3	13 2
EXCHANGE BONDS								
	'16A.66	11 0	0 0	5 0	5 0	0 0	0 0	0 0
GROUP TOTAL GAME & FISH		138 25	28 6	23 5	18 4	13 3	13 3	13 2
TRUNK HIGHWAY REFUNDING BONDS								
	'16A.66	17,675 2,466	4,605 797	3,350 599	2,730 444	2,655 306	2,560 169	600 84
GROUP TOTAL TRUNK HIGHWAY		17,675 2,466	4,605 797	3,350 599	2,730 444	2,655 306	2,560 169	600 84
MAX EFFORT SCHOOL LOAN								
	'16A.66	36,040 12.825	1,030 1.770	1,305 1.713	1,645 1.641	2,725 1.533	3,770 1.375	3,680 1.195
SCHOOL LOANS								
	'80.545	125 4	125 4	0 0	0 0	0 0	0 0	0 0
	'88.718	2,215 149	1,140 108	985 38	90 3	0 0	0 0	0 0
	'90.610	3,760 380	1,165 196	1,165 124	1,165 51	265 8	0 0	0 0
	'91.265	19,455 7,043	1,785 988	1,785 896	1,785 803	1,800 710	1,155 634	1,160 576
	'92.558	5,530 1,846	585 275	585 244	585 213	585 182	290 159	290 145
	'93.373	2,880 1,181	190 146	190 137	190 127	190 118	190 108	185 99
	'94.643	2,535 1,168	145 132	145 124	145 116	150 109	150 102	150 93
	X'95.002	20,735 9,613	1,190 1,063	1,190 1,001	1,190 941	1,185 882	1,185 823	1,185 759
GROUP TOTAL MAX EFFORT SCHOOL LOAN		93,275 34,209	7,355 4,682	7,350 4,276	6,795 3,896	6,900 3,542	6,740 3,200	6,650 2,866
STATE GUARANTEED BONDS GUARANTEED BOND CLASS								
	'91.350	44,125 36,309	525 2,753	610 2,719	715 2,680	750 2,635	805 2,587	855 2,535
GROUP TOTAL STATE GUARANTEED BONDS		44,125 36,309	525 2,753	610 2,719	715 2,680	750 2,635	805 2,587	855 2,535

## STATE OF MINNESOTA

## GENERAL OBLIGATION DEBT

## SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
13 1	8 1	3 0	3 0	3 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
13 1	8 1	3 0	3 0	3 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
600 50	575 17	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
600 50	575 17	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
3,545 1,019	3,525 844	3,425 669	3,325 497	3,305 327	2,385 182	2,375 61	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
1,160 516	1,160 456	1,160 396	1,160 334	1,160 272	1,160 210	1,160 147	1,160 84	655 20	50 1	0 0	0 0	0 0	0 0
290 130	290 116	290 101	290 85	290 70	290 55	290 39	290 23	290 8	0 0	0 0	0 0	0 0	0 0
185 89	185 79	185 69	185 60	185 50	185 40	190 30	190 19	190 9	65 2	0 0	0 0	0 0	0 0
150 84	150 76	150 69	150 61	150 53	150 45	150 37	150 29	150 21	150 12	150 4	0 0	0 0	0 0
1,185 690	1,185 621	1,180 559	1,185 499	1,185 439	1,180 377	1,180 315	1,175 252	1,175 188	1,175 125	1,175 63	630 16	0 0	0 0
6,515 2,529	6,495 2,192	6,390 1,862	6,295 1,537	6,275 1,212	5,350 909	5,345 629	2,965 407	2,460 246	1,440 140	1,325 67	630 16	0 0	0 0
975 2,475	1,035 2,409	1,105 2,338	1,180 2,261	1,260 2,177	1,350 2,094	1,430 2,010	1,515 1,922	1,605 1,826	28,410 888	0 0	0 0	0 0	0 0
975 2,475	1,035 2,409	1,105 2,338	1,180 2,261	1,260 2,177	1,350 2,094	1,430 2,010	1,515 1,922	1,605 1,826	28,410 888	0 0	0 0	0 0	0 0

STATE OF MINNESOTA  
GENERAL OBLIGATION DEBT  
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

GROUP & FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6/30/1999	2000	2001	2002	2003	2004	2005
TOTAL PRINCIPAL - LESS GUARANTEE		2,344,860	214,520	199,740	185,560	181,275	165,085	154,810
TOTAL INTEREST - LESS GUARANTEE		872,756	114,888	104,661	94,965	86,120	77,319	69,244
TOTAL DEBT SERVICE - LESS GUARANTEE (1)		3,217,616	329,408	304,401	280,525	267,395	242,404	224,054
TOTAL PRINCIPAL - ALL FUNDS		2,388,985	215,045	200,350	186,275	182,025	165,890	155,665
TOTAL INTEREST - ALL FUNDS		909,064	117,640	107,380	97,645	88,756	79,906	71,779
TOTAL DEBT SERVICE - ALL FUNDS (1)		3,298,049	332,685	307,730	283,920	270,781	245,796	227,444

The Total Debt Service - All Funds does not include:

\$110,050,000 of bonds dated August 1, 1989; \$97,900,000 of bonds dated July 1, 1990; \$95,900,000 of bonds dated August 1, 1991;

\$81,650,000 of bonds dated July 1, 1992; \$96,100,000 of bonds dated October 1, 1994;

For which funds are held in escrow, have been invested and will be sufficient to pay the principal of, and interest on, the bonds to their earliest call date.

# STATE OF MINNESOTA

## GENERAL OBLIGATION DEBT

### SCHEDULED DEBT SERVICE FOR FISCAL YEARS 2000-2019

PRINCIPAL PAYMENTS - BOLD FACE

(\$ IN THOUSANDS)

INTEREST PAYMENTS - MEDIUM FACE

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>151,965</b>	<b>149,840</b>	<b>147,855</b>	<b>126,775</b>	<b>121,590</b>	<b>99,210</b>	<b>98,895</b>	<b>79,145</b>	<b>76,515</b>	<b>66,245</b>	<b>54,600</b>	<b>35,235</b>	<b>26,960</b>	<b>9,040</b>
61,197	53,506	45,849	38,408	32,017	26,305	21,165	16,477	12,291	8,531	5,391	2,875	1,320	226
<b>213,162</b>	<b>203,346</b>	<b>193,704</b>	<b>165,183</b>	<b>153,607</b>	<b>125,515</b>	<b>120,060</b>	<b>95,622</b>	<b>88,806</b>	<b>74,776</b>	<b>59,991</b>	<b>38,110</b>	<b>28,280</b>	<b>9,266</b>
<b>152,940</b>	<b>150,875</b>	<b>148,960</b>	<b>127,955</b>	<b>122,850</b>	<b>100,560</b>	<b>100,325</b>	<b>80,660</b>	<b>78,120</b>	<b>94,655</b>	<b>54,600</b>	<b>35,235</b>	<b>26,960</b>	<b>9,040</b>
63,673	55,916	48,187	40,669	34,195	28,399	23,175	18,398	14,117	9,418	5,391	2,875	1,320	226
<b>216,613</b>	<b>206,791</b>	<b>197,147</b>	<b>168,624</b>	<b>157,045</b>	<b>128,959</b>	<b>123,500</b>	<b>99,058</b>	<b>92,237</b>	<b>104,073</b>	<b>59,991</b>	<b>38,110</b>	<b>28,280</b>	<b>9,266</b>



**STATE OF MINNESOTA**  
**AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT**  
**BY PURPOSE AS OF JUNE 30, 1999**  
**(In Thousands)**

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1971- 856 (1)(8)	Municipal Aid	\$ 1,192	Municipal Aid	\$ 1,192	\$ -	\$ 1,192
1983- 323	Building	30,000	Municipal Energy	30,000	29,530	470
1984- 597	Transportation	16,000	Railroad Rehabilitation	12,000		
			Local Interstate Substitution	4,000	13,000	3,000
1987- 400 (2)(3)(4)(5)	Building	369,687	Supreme Court	32,288		
			Administration	19,554		
			Capital Area Architectural Planning Board	299		
			Natural Resources	16,745		
			Energy & Economic Development	46,250		
			Iron Range Resources and Rehabilitation Board	2,200		
			Military Affairs	2,500		
			Veterans Affairs	2,500		
			Historical Society	54,284		
			Education	10,981		
			Vocational Technical Education	33,190		
			Community College	34,939		
			State Universities	52,466		
			University of Minnesota	47,773		
			Corrections	2,259		
			Human Services	7,171		
			Minnesota Center for the Arts	4,000		
			Other	287	369,561	127
1987- 400	Water Pollution Control	66,747	Prevention, Control, Abatement of Water Pollution	66,747	66,740	7
1989- 300 (2)(3)(4)(5)	Building	135,740	Vocational Technical Education	5,110		
			Community Colleges	5,805		
			State Universities	27,658		
			University of Minnesota	14,194		
			Education	2,685		
			Human Services	9,097		
			Corrections	2,600		
			Health	390		
			Veterans Home Board	165		
			Economic Security	1,000		
			Historical Society	301		
			Administration	35,874		
			Capital Area Architectural and Planning Board	166		
			Natural Resources	3,348		
			Pollution Control Agency	10,125		
			Public Facilities Authority	12,700		
			Trade and Economic Development	4,021		
			Military Affairs	400		
			Other	97	134,970	770
1990- 610 (2)(3)(4)(5)	Building	328,340	Technical Colleges	25,361		
			Community Colleges	50,488		
			State Universities	42,945		
			University of Minnesota	71,480		
			Education	4,793		
			Human Services	13,446		
			Corrections	13,121		
			Health	1,376		
			Veterans Home Board	1,750		
			Economic Security	750		
			Historical Society	3,175		
			Administration	13,665		
			Capital Area Architectural and Planning Board	300		

**STATE OF MINNESOTA  
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT  
BY PURPOSE AS OF JUNE 30, 1999  
(In Thousands)**

<u>Authorization</u>	<u>Type</u>	<u>Total Authorized</u>	<u>Components/Purpose</u>	<u>Amounts Authorized</u>	<u>Issued</u>	<u>Net Authorized Unissued</u>
			Natural Resources	14,934		
			Pollution Control Agency	27,225		
			Public Facilities Authority	30,954		
			Trade and Economic Development	5,000		
			Military Affairs	200		
			Public Safety	545		
			Indian Affairs Council	50		
			Amateur Sports Commission	5,000		
			Housing Finance Agency	1,500		
			Other	279	327,896	444
1990- 610 (5)	Transportation	11,035	County Municipal Township Bridges	11,035	10,945	90
1990- 610 (5)	Reinvest in Minnesota	5,375	Board of Water and Soil Resources	2,375		
			Natural Resources	3,000	5,350	25
1990- 610	Waste Management	7,000	Waste Processing Facility Assistance	7,000	6,570	430
1991- 350 (5)	Airport Facilities	126,235	Airport Facilities	126,235	44,960	81,275
1991- 354	Wetlands/Reinvest in Minnesota	28,000	Board of Water and Soil Resources	13,900		
			Natural Resources	7,545		
			Trade and Economic Development	6,525	27,500	500
1992- 558 (3)(4)(5)	Building	223,035	Technical Colleges	12,607		
			Community Colleges	14,630		
			State Universities	12,870		
			University of Minnesota	61,900		
			Education	13,606		
			Human Services	21,960		
			Corrections	11,082		
			Economic Security	2,000		
			Housing Finance Agency	3,000		
			Administration	24,343		
			Military Affairs	2,400		
			Trade and Economic Development	4,550		
			Public Facilities Authority	7,500		
			Natural Resources	11,682		
			Board of Water and Soil Resources	1,250		
			Agriculture	365		
			Pollution Control Agency	13,050		
			Minnesota Zoological Garden	1,815		
			Historical Society	2,375		
			Other	195	216,200	6,835
1992- 558	Transportation	17,500	County Municipal Township Bridges	17,500	15,480	2,020
1992- 558	Waste Management	2,000	Waste Processing Facility Assistance	2,000	250	1,750
1993- 373 (3)(5)	Building	54,615	Technical Colleges	667		
			Community Colleges	1,367		
			State Universities	1,161		
			University of Minnesota	2,000		
			Education	7,000		
			Human Services	8,765		
			Corrections	9,812		
			Administration	8,246		
			Historical Society	150		
			Public Facilities Authority	4,000		
			Pollution Control Agency	11,000		
			Veterans Home Board	400		
			Other	47	53,230	1,385

## STATE OF MINNESOTA

## AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT

**BY PURPOSE AS OF JUNE 30, 1999**

**(In Thousands)**

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1993- 373	Transportation	9,900	County Municipal Township Bridges	9,900	8,670	1,230
1994- 639	Landfill	90,000	Environmental Response Actions at Municipal Solid Waste Disposal facilities	90,000	29,900	60,100
1994- 643 (4)(6)	Building	566,790	Technical Colleges	45,505		
			Community Colleges	36,945		
			State Universities	57,250		
			University of Minnesota	68,700		
			Education	36,967		
			Human Services	46,350		
			Corrections	72,953		
			Administration	32,275		
			Capital Area Architectural and Planning Board	5,098		
			Finance	5,400		
			Veterans Homes Board	10,630		
			Amateur Sports Commission	3,119		
			Military Affairs	366		
			Housing Finance Agency	2,500		
			Economic Security	2,500		
			Labor Interpretive Center	750		
			Historical Society	6,960		
			Trade and Economic Development	4,900		
			MN Technologies, Inc.	400		
			Natural Resources	58,491		
			Public Facilities Authority	13,400		
			Pollution Control Agency	23,401		
			Board of Water and Soil Resources	9,800		
			Zoological Garden	21,500		
			Other	630	532,120	34,670
1994- 643	Building	4,000	Municipal Energy	4,000	3,750	250
1994- 643 (6)	Transportation	35,000	County Municipal Township Bridges	21,076		
			Federal Aid Demonstration Projects	3,924		
			Light Rail Transit	0		
			Transit Capital Improvements	10,000	23,220	11,780
X1995- 2	Building	5,630	MN State Colleges and Universities	750		
			Administration	1,881		
			Agriculture	103		
			Natural Resources	1,700		
			Pollution Control Agency	750		
			Public Safety	410		
			Other	36	5,500	130
X1995- 2	Transportation	4,500	County Municipal Township Bridges	4,500	4,500	0
1996- 463 (5)	Building	511,825	MN State Colleges and Universities	86,431		
			University of Minnesota	93,804		
			Children, Families and Learning	19,100		
			Center for Arts Education	6,879		
			Residential Academies	2,306		
			Natural Resources	36,120		
			Pollution Control Agency	3,350		
			Public Facilities Authority	22,100		
			Board of Water and Soil Resources	14,750		
			Agriculture	275		
			Administration	78,560		
			Amateur Sports Commission	21,600		
			Military Affairs	900		
			Corrections	93,430		
			Human Services	8,722		

**STATE OF MINNESOTA  
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT  
BY PURPOSE AS OF JUNE 30, 1999  
(In Thousands)**

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
			Veterans Homes Board	740		
			Transportation	10,500		
			Housing Finance Agency	2,500		
			Economic Security	3,500		
			Historical Society	5,650		
			Other	608	411,545	100,280
1996- 463	Building	4,000	Municipal Energy	4,000	3,750	250
1996- 463	Waste Management	3,000	Waste Processing Facility Assistance	3,000	1,500	1,500
1996- 463	Transportation	10,000	County Municipal Township Bridges	10,000	9,790	210
1996- 463	Rural Finance Authority	41,000	Farm Loan Restructuring	41,000	32,500	8,500
1997- 246	Building	86,625	Administration	74,035		
			MN State Colleges and Universities	4,500		
			Natural Resources	4,000		
			Public Facilities Authority	4,000		
			Other	90	83,100	3,525
1997- 246	Transportation	3,000	County Municipal Township Bridges	3,000	1,510	1,490
X1997- 2	Building	55,305	Public Safety	30,000		
			Natural Resources	13,000		
			Housing Finance Agency	2,000		
			Public Facilities Authority	9,000		
			Agriculture	1,250		
			Other	55	29,000	26,305
1998- 404 (7)	Building	105,145	MN State Colleges and Universities	75,880		
			University of Minnesota	180		
			Public Facilities Authority	3,650		
			Corrections	9,485		
			Grants to Political Subdivisions	0		
			Human Services	13,700		
			Indian Affairs Council	0		
			Transportation	0		
			Zoological Garden	1,750		
			Historical Society	0		
			Other	100	23,000	82,145
1998- 404 (7)	Transportation	4,000	County Municipal Township Bridges	4,000	4,000	0
1999-240	Building	488,305	MN State Colleges and Universities	15,300		
			University of Minnesota	112,390		
			Children, Families & Learning	5,300		
			Residential Academies	7,913		
			Natural Resources	43,418		
			Public Facilities Authority	39,500		
			Capitol Area Architectural & Planning Brd	6,500		
			Corrections	1,785		
			Veterans Home Board	11,000		
			Grants to Political Subdivisions	126,447		
			Office of Environmental Assistance	3,000		
			Indian Affairs Council	1,700		
			Administration	4,000		
			Transportation	103,000		
			Historical Society	6,500		
			Other	552	0	488,305

**STATE OF MINNESOTA**  
**AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT**  
**BY PURPOSE AS OF JUNE 30, 1999**  
**(In Thousands)**

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1999-240	Transportation	28,440	County Municipal Township Bridges	28,440	0	28,440
	Total Authorized, Unissued				\$	949,430

- (1) Laws 1984, Chapter 597 reduced the Municipal Aid Bonds authorization in Laws 1971, Chapter 856 by \$15,670,000. Minnesota Statutes 16A.642, adopted in 1995, reduced the authorization in Laws 1971, Chapter 856 by \$494,254. Laws 1997, Chapter 202 reduced the Municipal Aid Bonds authorized in Laws 1971, Chapter 856 by an additional \$2,643,451.
- (2) Laws 1993, Chapter 373 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$700,000; Laws 1989, Chapter 300 by \$2,550,000; and Laws 1990, Chapter 610 by \$2,500,000.
- (3) Laws 1994, Chapter 643 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$240,000; Laws 1989, Chapter 300 by \$895,000; Laws 1990, Chapter 610 by \$115,000; Laws 1992, Chapter 558 by \$65,000; and Laws 1993, Chapter 373 by \$15,000.
- (4) Special Session Laws 1995, Chapter 2 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$50,000; Laws 1989, Chapter 300 by \$65,000; Laws 1990, Chapter 610 by \$580,000; Laws 1992, Chapter 558 by \$5,000; and Laws 1994, Chapter 643 by \$1,245,000. Special Session Laws 1995, Chapter 2 also reduced the Transportation Bond authorization in Laws 1987, Chapter 400 by \$10,000.
- (5) Laws 1997, Chapter 202 reduced Building Bond authorizations as follows: Laws 1987, Chapter 400 by \$295,000; Laws 1989, Chapter 300 by \$3,335,000; Laws 1990, Chapter 610 by \$9,260,000; Laws 1992, Chapter 558 by \$6,590,000; Laws 1993, Chapter 373 by \$10,000 and Laws 1996, Chapter 463 by \$37,285,000. Laws 1997, Chapter 202 also reduced: the Transportation Bond authorization in Laws 1990, Chapter 610 by \$165,000; the Reinvest in Minnesota authorization in Laws 1990, Chapter 610 by \$20,000; and Airport Facility Bond authorized in Laws 1991, Chapter 350 by \$48,765,000
- (6) Laws 1998, Chapter 404 reduced Building Bond authorization in Laws 1994, Chapter 643 by \$1,350,000. Laws 1998, Chapter 404 also reduced Transportation Bond authorization in Laws 1994, Chapter 643 by \$10,000,000.
- (7) Laws 1998, Chapter 389, Article 9 provided that should there be sufficient money in the November 1998 revenue and expenditure forecast, \$400 million of the bond projects authorized in Laws 1998, Chapter 404 would be converted to general fund appropriations.
- (8) Pursuant to Minnesota Statutes, Section 16A.642, Municipal Aid Bond authorization in Laws 1971, Chapter 856 will be cancelled as of July 1, 1999 because of completion or cancellation of the projects that were to be financed.

# STATISTICAL SECTION

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The following usual statistical tables are not included because they are not applicable to the state's operations: all tables relating to property tax levies and collections; computation of legal debt margin, and computation of overlapping debt. Minnesota data privacy laws prevent disclosure of the names of principal taxpayers.

STATE OF MINNESOTA  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
FISCAL YEARS 1990-1999  
(IN THOUSANDS)

	1990	1991	1992	1993
Individual Income Taxes.....	\$ 2,881,050	\$ 2,969,239	\$ 3,148,740	\$ 3,470,244
Corporate Income Taxes.....	481,311	462,943	428,412	507,703
Sales Tax.....	1,869,592	1,961,716	2,192,547	2,375,793
Gross Earnings Taxes.....	164,139	159,745	146,487	145,248
Motor Vehicle Excise Tax.....	256,589	236,236	270,151	295,755
Motor Vehicle Licenses.....	297,351	331,783	349,549	384,209
Gasoline and Special Fuel Taxes.....	456,723	451,995	457,826	462,136
Other Taxes.....	441,290	516,981	623,714	712,043
Federal Revenues.....	2,151,582	2,213,281	2,508,640	2,777,061
Other Revenues.....	751,114	756,795	781,761	789,002
Net Revenues.....	<u>\$ 9,750,741</u>	<u>\$ 10,060,714</u>	<u>\$ 10,907,827</u>	<u>\$ 11,919,194</u>

STATE OF MINNESOTA  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION AND NET TRANSFERS-OUT (1)  
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
FISCAL YEARS 1990-1999  
(IN THOUSANDS)

	1990	1991	1992	1993
Current Expenditures:				
Protection of Persons/Property.....	\$ 142,613	\$ 157,528	\$ 169,391	\$ 178,778
Transportation.....	283,256	304,486	316,628	329,310
Resource Management.....	177,919	196,699	216,059	226,664
Economic/Manpower Development.....	192,726	200,036	221,856	258,183
Education.....	461,412	501,098	505,997	529,844
Health and Social Services.....	467,149	545,547	539,419	558,076
General Government.....	200,603	187,190	205,434	222,141
Capital Outlay.....	508,723	465,632	492,968	486,578
Debt Service.....	245,278	276,982	277,741	313,776
Grants and Subsidies.....	6,750,608	7,453,042	7,868,726	8,164,541
Total Expenditures.....	\$ 9,430,287	\$ 10,288,240	\$ 10,814,219	\$ 11,267,891
Net Operating Transfers-Out (2).....	<u>293,079</u>	<u>232,882</u>	<u>247,642</u>	<u>261,904</u>
Total Expenditures and Net Transfers-Out.....	<u>\$ 9,723,366</u>	<u>\$ 10,521,122</u>	<u>\$ 11,061,861</u>	<u>\$ 11,529,795</u>

(1) Revenues and expenditures are accounted for on the modified accrual basis.

(2) Net operating transfers-out, not including transfers to component units, are reduced by bond proceeds of the special revenue funds for the following years:

1990 \$20,370,000	1993 \$34,945,000	1996 \$13,990,000	1999 \$7,100,000
1991 \$32,904,000	1994 \$25,300,000	1997 \$12,650,000	
1992 \$22,460,000	1995 \$14,025,000	1998 \$3,400,000	

1994	1995	1996	1997	1998	1999
\$ 3,532,465	\$ 3,774,855	\$ 4,129,026	\$ 4,757,086	\$ 5,146,586	\$ 5,695,664
546,558	667,542	696,393	665,321	746,720	767,364
2,515,224	2,728,525	2,933,886	3,013,188	3,254,757	2,119,403
136,768	146,646	122,879	178,626	171,463	169,780
332,491	346,673	380,574	401,079	452,353	491,146
420,471	416,793	450,216	487,064	512,327	555,557
482,453	484,573	520,702	542,896	557,556	587,954
827,520	908,515	949,206	919,037	928,896	1,014,324
2,986,532	3,157,038	3,384,598	3,498,849	3,643,217	3,726,654
906,186	964,623	1,217,204	1,299,714	1,449,177	1,718,857
<u>\$ 12,686,668</u>	<u>\$ 13,595,783</u>	<u>\$ 14,784,684</u>	<u>\$ 15,762,860</u>	<u>\$ 16,863,052</u>	<u>\$ 16,846,703</u>

1994	1995	1996	1997	1998	1999
\$ 183,695	\$ 196,981	\$ 202,535	\$ 230,252	\$ 235,346	\$ 254,063
324,729	374,194	351,712	403,806	426,775	426,365
223,237	233,167	273,961	283,296	286,312	310,784
250,532	263,451	191,283	209,404	209,431	237,105
551,987	562,672	723,923	869,754	900,590	987,823
596,449	698,295	736,466	849,510	888,461	884,747
232,861	258,609	273,786	274,908	290,327	321,744
398,742	330,482	419,555	418,796	472,906	504,123
295,731	285,344	522,296	378,707	371,916	653,028
8,614,081	9,068,110	9,920,296	10,160,159	10,419,601	11,381,301
<u>\$ 11,672,044</u>	<u>\$ 12,271,305</u>	<u>\$ 13,615,813</u>	<u>\$ 14,078,592</u>	<u>\$ 14,501,665</u>	<u>\$ 15,961,083</u>
258,186	277,012	302,618	317,092	648,977	545,435
<u>\$ 11,930,230</u>	<u>\$ 12,548,317</u>	<u>\$ 13,918,431</u>	<u>\$ 14,395,684</u>	<u>\$ 15,150,642</u>	<u>\$ 16,506,518</u>



STATE OF MINNESOTA  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 1990-1999

<u>Year of Assessment</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Tax Assessed Value/ Tax Capacity</u>	<u>Percentage Increase Per Year</u>
1990	\$ 3,146,653,676	\$ 134,539,984	\$ 3,281,193,660	4.02
1991	3,100,542,487	133,137,661	3,233,680,148	(1.45)
1992	3,068,090,432	137,961,249	3,206,051,681	(0.85)
1993	3,036,843,689	134,339,758	3,171,183,447	(1.09)
1994	3,157,294,317	139,515,555	3,296,809,872	3.96
1995	3,350,007,524	147,560,824	3,497,568,348	6.09
1996	3,594,280,546	154,793,236	3,749,073,782	7.19
1997	3,500,012,129	136,978,564	3,636,990,693	(2.99)
1998	3,479,953,266	124,043,585	3,603,996,851	(0.91)
1999 (est.)	3,685,000,000	124,000,000	3,809,000,000	5.69

*Source: Minnesota Department of Revenue.*

STATE OF MINNESOTA  
 MARKET VALUE OF TAXABLE PROPERTY  
 1990-1999

<u>Year of Assessment</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Market Value</u>	<u>Percentage Increase Per Year</u>
1990	\$ 143,606,454,726	\$ 2,783,575,907	\$ 146,390,030,633	5.83
1991	149,150,447,836	2,873,816,502	152,024,264,338	3.85
1992	153,992,608,020	3,007,985,604	157,000,593,624	3.27
1993	159,008,719,142	2,990,779,548	161,999,498,690	3.18
1994	166,739,642,423	3,104,511,567	169,844,153,990	4.84
1995	177,163,788,491	3,282,461,951	180,446,250,442	6.24
1996	189,112,448,343	3,440,030,594	192,552,478,937	6.71
1997	202,875,382,657	3,515,300,071	206,390,682,728	7.19
1998	219,034,138,639	3,641,069,248	222,675,207,887	7.89
1999 (est.)	236,267,000,000	3,701,000,000	239,968,000,000	7.77

*Source: Minnesota Department of Revenue.*

STATE OF MINNESOTA  
SCHEDULE OF GENERAL OBLIGATION BONDED DEBT  
PER CAPITA  
FISCAL YEARS 1990-1999

<u>Year</u>	<u>General Obligation Bonded Debt (In Thousands)</u>	<u>Bonded Debt Per Capita</u>
1990	1,507,645	343.8
1991	1,573,630	355.3
1992	1,630,105	364.1
1993	1,706,885	376.8
1994	1,769,435	386.7
1995	1,892,169	408.7
1996	2,162,015	464.2
1997	2,160,719	461.1
1998	2,506,939	530.6
1999	2,384,195	500.4

STATE OF MINNESOTA  
SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION  
BONDED DEBT TO GENERAL EXPENDITURES  
FISCAL YEARS 1990-1999  
(IN THOUSANDS)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>General Expenditures (1)</u>	<u>Percent of Expenditures</u>
1990	\$ 121,475	\$ 96,276	\$ 217,751	\$ 9,430,287	2.31
1991	133,990	103,642	237,632	10,288,240	2.31
1992	138,525	112,104	250,629	10,814,219	2.32
1993	140,885	116,614	257,499	11,267,891	2.29
1994	155,743	118,454	274,197	11,672,044	2.35
1995	160,666	99,036	259,702	12,271,305	2.12
1996	169,780	102,747	272,527	13,615,813	2.00
1997	171,295	180,991	352,286	14,078,592	2.50
1998	184,820	147,297	332,117	14,501,665	2.29
1999	417,907	131,968	549,875	15,961,083	3.45

(1) Includes the General, special revenue and debt service funds.

SCHEDULE OF REVENUE BOND COVERAGE  
STATE COLLEGES AND UNIVERSITY REVENUE FUND  
FISCAL YEARS (1990-1999)  
(IN THOUSANDS)

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Principal	Interest	Total	Coverage
1990	\$ 39,415	\$ 27,610	\$ 11,805	\$ 3,215	\$ 1,828	\$ 5,043	2.34
1991	40,449	30,790	9,659	4,675	1,746	6,421	1.50
1992	39,831	30,525	9,306	580	1,545	2,125	4.38
1993	38,674	29,698	8,976	605	1,371	1,976	4.54
1994	39,051	30,969	8,082	945	2,342	3,287	2.46
1995	41,492	31,715	9,777	945	2,217	3,162	3.09
1996	45,105	34,491	10,614	1,420	2,200	3,620	2.93
1997	46,036	34,508	11,528	1,450	1,974	3,424	3.37
1998	45,481	38,321	7,160	1,520	2,003	3,523	2.03
1999	48,857	40,449	8,408	2,185	1,888	4,073	2.06

(1) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.

(2) Depreciation, amortization, interest and financing expenses are not included.

STATE OF MINNESOTA  
SCHEDULE OF REVENUE BOND COVERAGE  
VERMILLION COMMUNITY COLLEGE DORMITORY  
COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES  
FISCAL YEARS (1990-1999)  
(IN THOUSANDS)

Year	Gross Revenue (3)	Direct Operating Expenses (4)	Net Available For Debt Service	Principal	Interest	Total	Coverage
1990	\$ 243	\$ 84	\$ 159	\$ 35	\$ 111	\$ 146	1.09
1991	269	98	171	35	107	142	1.20
1992	255	114	141	40	105	145	0.97
1993	242	132	110	40	102	142	0.77
1994	369	133	236	89	154	243	0.97
1995	425	126	299	83	161	244	1.23
1996	448	230	218	42	116	158	1.38
1997	495	172	323	99	145	244	1.32
1998	506	163	343	119	134	253	1.36
1999	536	158	378	99	126	225	1.68

(3) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.

(4) Depreciation, amortization, interest and financing expenses are not included.

MINNESOTA COMMERCIAL BANK DEPOSITS AND GROSS RETAIL SALES  
1990 – 1999  
(IN MILLIONS)

<u>Year</u>	<u>Bank Deposits</u>	<u>Retail Sales</u>
1990	\$45,384	\$39,638
1991	45,300	37,919
1992	43,771	38,630
1993	45,157	40,457
1994	44,826	42,925
1995	46,809	45,723
1996	51,361	47,692
1997	71,706	N/A
1998	98,769	N/A
1999	106,441	N/A

Source: Federal Deposit Insurance Corporation  
Minnesota Department of Revenue, Unpublished.

MINNESOTA POPULATION, PER CAPITA PERSONAL INCOME  
AND UNEMPLOYMENT RATE  
1990 - 1999

<u>Year</u>	<u>Population (In Thousands)</u>	<u>Personal Income</u>	<u>Unemployment Rate</u>
1990	4,387	\$ 19,348	4.8%
1991	4,428	19,845	5.1
1992	4,472	21,126	5.1
1993	4,524	21,488	5.1
1994	4,566	22,802	3.9
1995	4,605	23,736	3.7
1996	4,648	25,235	4.0
1997	4,687	26,243	3.3
1998	4,725	27,510	2.5
1999 (est)	4,765	28,804	2.6

Source: Data Resources Incorporated.

STATE OF MINNESOTA  
NEW HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING LOCALITIES  
1990 – 1999  
(IN THOUSANDS)

<u>Year</u>	<u>Valuation</u>	<u>Year</u>	<u>Valuation</u>
1990	\$ 1,864,065	1995	\$ 2,589,746
1991	1,882,328	1996	2,902,560
1992	2,481,644	1997	2,757,956
1993	2,672,436	1998	3,485,224
1994	2,557,846	1999	N/A

Source: U.S. Bureau of the Census Construction Reports.

# EMPLOYMENT MIX IN MINNESOTA

1990-1999  
(IN THOUSANDS)

Category	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999 (est)
Manufacturing Durable	231.5	225.3	223.9	230.8	237.7	243.6	244.8	254.2	262.3	262.7
Manufacturing Non-Durable	169.3	171.0	171.9	174.7	178.4	182.3	183.5	179.9	181.8	179.9
Mining	8.1	7.9	7.6	7.5	7.6	7.9	7.9	7.9	8.1	7.7
Construction	79.5	75.8	76.9	79.1	80.6	82.7	88.7	93.5	101.8	107.1
Transportation/Public Utilities	109.5	110.2	109.4	109.2	113.8	117.0	119.7	123.6	127.6	130.7
Trade	518.5	517.4	426.9	536.6	559.2	576.7	592.9	600.3	613.9	627.0
Finance/Insurance/Real Estate	125.2	127.5	129.6	135.7	140.1	138.2	142.5	146.4	156.2	156.9
Service	549.3	558.2	592.6	614.4	635.8	659.4	685.1	712.3	741.8	761.8
Government	337.8	343.3	346.9	353.8	324.3	332.2	332.4	366.8	366.5	373.4
Agriculture	107.6	93.8	84.1	84.6	82.8	72.9	78.1	71.9	67.2	67.0
Total Employed	<u>2,236.3</u>	<u>2,230.4</u>	<u>2,169.8</u>	<u>2,326.4</u>	<u>2,360.3</u>	<u>2,412.9</u>	<u>2,475.6</u>	<u>2,556.8</u>	<u>2,627.2</u>	<u>2,674.2</u>

Source: Minnesota Department of Economic Security

## STATE OF MINNESOTA AVERAGE DAILY PUBLIC SCHOOL MEMBERSHIP

School Year	Kindergarten	Elementary	Secondary	Total All Grades
1989-90	62,002	353,944	312,545	728,491
1990-91	63,886	363,978	317,730	745,594
1991-92	67,310	372,558	323,891	763,759
1992-93	68,320	377,274	374,299	819,893
1993-94	65,872	378,214	337,314	781,400
1994-95	65,732	380,891	360,777	807,400
1995-96	66,672	383,458	372,345	822,475
1996-97	63,575	375,683	371,147	810,405
1997-98	64,501	383,904	389,293	837,698
1998-99	59,256	384,902	396,861	841,019

Source: Minnesota Department of Children, Families and Learning.

## MINNESOTA BASED COMPANIES INCLUDED IN THE FORTUNE 500 (IN THOUSANDS)

Rank 1998	Rank 1997	Company	Sales	Assets	Rank	Net Income	Rank
30	34	Dayton Hudson	\$ 30,951,000	\$ 15,666,000	165	\$ 935,000	98
84	130	United Healthcare	17,355,000	9,701,000	222	(166,000)	470
86	80	Supervalu	17,201,400	4,093,000	359	230,800	295
103	89	Minnesota Mining & Manufacturing (3M)	15,021,000	14,153,000	175	1,175,000	75
171	263	St. Paul Companies	9,108,400	38,322,700	75	89,300	383
175	152	Northwest Airlines	9,044,800	10,280,800	216	(285,500)	475
193	194	Honeywell	8,426,700	7,170,400	261	572,000	154
195	199	Best Buy	8,358,200	2,056,300	448	94,500	379
215	228	US Bancorp (First Bank System)	7,664,000	76,438,000	43	1,327,400	61
272	284	General Mills	6,033,000	3,861,400	368	421,800	201
372	338	Nash Finch	4,160,000	825,100	499	(61,600)	451
453	438	Hormel Foods	3,261,000	1,555,900	464	139,300	340
483	483	Lutheran Brotherhood	3,026,600	18,239,800	149	91,200	382

Source: Fortune Magazine, dated April 26, 1999.

STATE OF MINNESOTA  
MISCELLANEOUS STATISTICS  
JUNE 30, 1999

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Date of Statehood	May 11, 1858 - 32nd State
Land Area - 12th Largest State	84,068 Square Miles

Higher Education:

2 Year State Community Colleges	9
4 Year State Universities	7
University of Minnesota	4 Campuses
2 Year Technical Colleges	7
2 Year Consolidated Community/Technical Colleges	29 Campuses
4 Year Private Colleges	25
2 Year Private Colleges	6
Private Professional Schools	10
Private Vocational Schools	82

Trade Routes:

Miles of Highways	134,567
Miles of Main Line Railroad Track	4,606
Public Airports	143
Waterways-	
Lake Superior	
Mississippi River	

Recreation:

Lakes	11,842
State Forests	57
Area of State Forests	3,200,000 Acres
State Parks	66
Area of State Parks	240,000 Acres

Sources:

- Higher Education Services Office
- Minnesota State Colleges and Universities
- Department of Natural Resources
- Department of Transportation

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